

Modernized e-File Test Package for Forms 1065/1065-B Tax Year 2007

U.S. Return of Partnership Income

And

U.S. Return of Income for Electing Large Partnerships



Department of the Treasury
Internal Revenue Service

www.irs.gov

Publication 4505 (08-2007)
Catalog Number 47622W

<u>WHAT'S NEW?</u>	4
<u>WHO MUST TEST?</u>	4
<u>WHY TEST?</u>	5
<u>WHAT IS TESTED?</u>	5
<u>FORMATTING THE ENTITIES</u>	6
<u>PASSWORDS</u>	7
<u>WHEN TO TEST</u>	7
<u>TESTING GUIDELINES FOR SOFTWARE DEVELOPERS</u>	7
<u>FEDERAL/STATE TESTING FOR FORMS 1065/1065-B</u>	7
<u>ELECTRONIC SIGNATURES</u>	7
<u>REVIEWING ACK FILES AND CORRECTING TESTS</u>	9
<u>FINAL TRANSMISSION</u>	9
<u>COMMUNICATIONS TEST FOR THE e-file SYSTEM</u>	9
<u>USING YOUR OWN TEST</u>	9
<u>EXHIBIT 1 POSTAL SERVICE STATE ABBREVIATIONS AND ZIP CODES</u>	10
<u>EXHIBIT 2 FOREIGN COUNTRY CODES</u>	12
<u>EXHIBIT 3 VALID EINS AND NAME CONTROLS</u>	16
<u>Exhibit 4 - TAX YEAR 2007 1065/1065-B TEST SCENARIO DATA</u>	17
Test Scenario 1 (Form 1065)	20
Test Scenario 2 (Form 1065)	39
Test Scenario 3 (Form 1065)	53
Test Scenario 4 (Form 1065)	76
Test Scenario 5 (Form 1065)	92
Test Scenario 6 (Form 1065-B)	114
Test Scenario 7 (Form 1065-B)	125

Test Scenario 8 (Form 1065-B.....	140
Test Scenario 9 (K-1 Aggregator).....	151
Test Scenario 10 (K-1 Aggregator).....	171

Form 1065/1065-B Assurance Testing Tax Year 2007

WHAT'S NEW?

- We have included 2 tests for K-1 Aggregators.
- The Electronic Management System (EMS) cannot be used for transmitting Form 1065/1065-B returns after 12/27/2007. After this date, you will be able to transmit using IFA or A2A only. See [COMMUNICATIONS TEST FOR THE e-file SYSTEM](#) below for more information.
- IRS is requiring all authorized e-file providers to submit key information about their Web sites to the IRS by September 10, 2007. In the future, providers must submit new URLs to the IRS before the website is accessible on the internet. Failure to comply with these IRS e-file rules may result in suspension or expulsion from the IRS e-file program. More information can be found at [irs.gov: Registration of Websites and URLs](#) [Frequently Asked Questions](#)
- Test scenarios for Form 7004 are located in [Publication 4162, Modernized e-File Test Package for Form 1120/1120S](#). The schemas for Form 7004 can be found at [Current Valid XML Schemas for 1120/1120S Modernized e-File](#)

WHO MUST TEST?

All software developers and K-1 Aggregators are required to perform the tests in this test package before they can be accepted into the electronic filing program for the 2008 (Tax Year 2007) filing season. Software developers supporting Form 1065 will perform tests 1- 5. Software developers supporting both Form 1065 and Form 1065-B will perform tests 1-8. K-1 Aggregators will perform tests 9 and 10.

Anyone who plans to transmit must perform a communications test and be accepted. Prior to testing, all software developers and transmitters must have obtained an Electronic Transmitter Identification Number (ETIN), Electronic Filer Identification Number (EFIN) and password through the application process. Refer to Publication 3112, IRS *e-file* Application Package for Form 8633 procedures. For the On-Line application procedures refer to the [e-services - Online Tools for Tax Professionals](#) website. This ETIN must be included in each message.

The ETIN will be set to "Test" until the transmitter passes the required communication testing with the IRS at which time the ETIN will be moved to "Production" status. The transmitter may also request a Test ETIN, which can be used to continue testing once the original ETIN has been moved to Production

status. If a transmitter has not revised their IRS *e-file* application to indicate they will be transmitting 1065 returns, their ETIN will not be valid and their submissions will be rejected. The transmission status (Test or Production) of the ETIN being used must match the Test/Production Indicator in the Message Header or the return will be rejected.

The transmitter must also register the system(s) that will be used to conduct business with MeF to obtain a systemID. If a transmitter and system(s) are not registered, the transmitter cannot access MeF for Fed/State processing.

WHY TEST?

The purpose of testing prior to live processing is to ensure that:

- filers transmit in the correct format and meet the Internal Revenue Service (IRS) Modernized e-File (MeF) electronic filing specifications;
- returns have few validation or math errors;
- IRS can receive and process the electronic returns;
- filers understand and are familiar with the mechanics of electronic filing;
- Aggregating Schedule K-1's with Form 1065 return data does not alter the information on the return.

WHAT IS TESTED?

The test package for the 2007 Assurance Testing System (ATS) consists of:

- five (5) return scenarios for Form 1065
- three (3) return scenarios for Form 1065-B
- two (2) test scenarios for K-1 Aggregators

The test returns include a limited number of forms and schedules that are accepted for electronic filing. Every conceivable condition cannot be represented in the tests; therefore, once you pass the tests, you may want to test any additional conditions you feel are appropriate as long as you use the predefined EINs and Name Controls, Tax Period and Form types..

The test scenarios provide the information needed to prepare the selected forms and schedules. You must correctly prepare and compute these returns before transmitting the tests. The IRS strongly recommends each return be run against a parser prior to being transmitted to the IRS. The IRS will run each return against a parser.

Below are some XML resources regarding XML schemas and software tools and parsers (these resources are provided for information only— the IRS is not endorsing any product).

You may chose any third party parser toolkit or use your own.

- W3C XML Home Page: <http://www.w3.org/XML/>
- W3C XML Schema Home Page: <http://www.w3.org/XML/Schema>
- XML Spy: <http://www.xmlspy.com/>
- Apache Xerces parser toolkit: <http://xml.apache.org/>
- Microsoft Core XML Services: Microsoft Core XML Services:

<http://www.microsoft.com/downloads/details.aspx?FamilyID=3144b72bb4f2-46da-b4b6-c5d7485f2b42&DisplayLang=en>

Note: The Modernized e-File (MeF) Assurance Testing System (ATS) is not configured exactly the same as the MeF Production system. Therefore, a tester should not expect the same response time when testing in the ATS environment versus the Production environment (especially regarding performance or load testing -- this includes testing a single extremely large return in one transmission, a lot of large returns in one transmission, or a large number of concurrent transmissions).

FORMATTING THE ENTITIES

The business entities presented in the test scenarios are shown in common usage with commas and periods. Refer to XML efile Types in Publication 4164 for proper formatting for the business name lines and addresses. No commas or periods are allowed.

Example:

Test Scenario

Help For All, Inc.
31 Any Street
Anytown, MD 20901

XML Format

Help For All Inc (BusinessNameLine1Type)
31 Any St (StreetAddressType)
Anytown (CityType)
MD (StateType)
20901 (ZipCodeType)

PASSWORDS

New or revised applicants who will be transmitting to the IRS will receive an eight-digit alphanumeric password that will be used for testing and production. This password will be mailed to the applicants with instructions on how to acknowledge receipt in order to activate. After you receive your password, you will change it when you log in for the first time. It will be valid at the beginning of ATS, which will begin November 5, 2007. If testing will be done through the Internet, applicants will choose their passwords during On-Line Registration.

WHEN TO TEST

When you are ready to test call the e-Help Desk at **1-866-255-0654**. They will assist you in all preparations necessary to begin testing, including assigning you a Software ID to use when submitting your returns.

TESTING GUIDELINES FOR SOFTWARE DEVELOPERS

Software does not have to provide for all forms or schedules, nor for all occurrences of a particular form or schedule. You must advise the e-Help Desk at **1-866-255-0654** of all limitations to your Software package at the time of first contact, before testing begins. You must test the complete form with no field limitations except for the number of occurrences.

FEDERAL/STATE TESTING FOR FORMS 1065/1065-B

For Tax year 2007, we will not offer States ATS; however, the full ATS for both transmitters and states will be available on November 5, 2007. Any of the test returns may be used if you will be participating in the Federal/State electronic filing program for 1065/1065-B. Inform the e-Help Desk of which test you will be using. You should add the appropriate information in the generic state record and transmit the return as part of your regular transmission. Specific instructions are available from the participating states. Fed/State returns may be transmitted through Application to Application or Internet Filing Application (IFA).

ELECTRONIC SIGNATURES

Tax Professionals who file Form 1065/1065-B have two options of filing a totally paperless return for their clients using the Practitioner PIN method or the Scanned Form 8453 method (Form 8453-PE for Form 1065 and Form 8453-B for Form 1065-B). The selected signature option must be identified in the Return Header. MeF validates that a signature is present for each return. If the taxpayer uses a PIN to sign the return, all appropriate PIN information must be present in the return header. If the taxpayer elects to sign a Form 8453x, the scanned

8453x must be attached to the return. If the electronic return does not contain the required signatures, it will be rejected.

Practitioner PIN

The Practitioner PIN option can only be used if the taxpayer uses an ERO. It cannot be used if a taxpayer is filing through an On-Line Provider. If the signature option of "PIN Number" is chosen, the taxpayer and ERO will be required to sign the return with a personal identification number (PIN). The Practitioner PIN option consists of two PINs – one for the taxpayer and one for the Practitioner.

1. Taxpayer PIN – The taxpayer chooses the PIN that they wish to use to sign their return. The Taxpayer's PIN must be 5 numeric characters and cannot contain all zeros.
2. Practitioner PIN – The ERO selects an eleven position PIN to sign the return. The first 6 positions of the Practitioner PIN will be made up of the EFIN of the ERO and the next 5 positions will be made up of 5 numeric characters that the ERO will select.

The taxpayer must decide whether they want to enter their own PIN or whether they authorize the ERO to enter the PIN they choose as their signature. This authorization is made on Form 8879-PE or 8879-B.

The following fields are required for the Practitioner PIN method or the return will be rejected:

- Practitioner PIN
- PIN Entered By Indicator
- Name of Officer
- Title of Officer
- Taxpayer PIN
- Date Signed

Scanned Form 8453

The scanned Form 8453 method must be used if the taxpayer decides not to use the Practitioner PIN method for signing the return. The Form 8453PE or 8453-B must be completed and signed by all required parties and then scanned as a PDF file. The appropriate signature option of "Binary Attachment 8453 Signature Document" must be identified in the Return Header. If this option is chosen, the taxpayer and ERO (if applicable) must sign the paper 8453. The signed Form 8453-PE/8453-B must then be scanned into a PDF document and inserted into the electronic return as a binary attachment. The binary attachment must be named "8453 Signature Document".

REVIEWING ACK FILES AND CORRECTING TESTS

You may transmit as many test returns as necessary until you receive no error messages. Any Business Rules violations must be corrected in order to pass ATS testing.

FINAL TRANSMISSION

Once you receive no rejects, you will be required to transmit the returns in two separate, same-day transmissions in order to test the ability of your software to increment the transmission ID number that appears in the Transmission Header. If you have included the 7004 test scenarios in your testing, include these tests in the second transmission.

COMMUNICATIONS TEST FOR THE *e-file* SYSTEM

IRS allows two means of transmission for MeF, Internet Filing Application (IFA) and Application to Application (A2A) for Form 1065/1065B. The Electronic Management System (EMS) is no longer an option for these forms.

If you will be transmitting through the Internet, you will need to perform the communications test through the Internet.

If you will be transmitting through A2A, you will need to perform the communications test through A2A. If you will be transmitting through both portals, IFA and A2A, communications tests must be performed through both systems.

A Software Developer, who will not transmit, need not perform a communications test.

USING YOUR OWN TEST

After passing ATS testing, Software Developers, may test with their own data using the same password and ETIN. Transmitters will need to get a new Test ETIN to continue testing, because IRS will move the original ETIN to “production” status once the Communications Test is passed. You will continue to use the same password. Call the e-Help Desk at **1-866-255-0654** to obtain a new Test ETIN. You must use the same taxpayer entity information (names and EINs) that is provided in the test package for your independent tests. DO NOT use any other EINs. See Exhibit 3 for the list of valid EINs and Name Controls.

EXHIBIT 1 VALID ZIP CODES

STANDARD POSTAL SERVICE STATE ABBREVIATIONS AND ZIP CODES

State	Abbr.	ZIP Code
Alabama	AL	350nn-369nn
Alaska	AK	995nn-999nn
Arizona	AZ	850nn-865nn
Arkansas	AR	716nn-729nn, 75502
California	CA	900nn-908nn, 910nn-961nn
Colorado	CO	800nn-816nn
Connecticut	CT	060nn-069nn
Delaware	DE	197nn-199nn
District of Columbia	DC	200nn-205nn
Florida	FL	320nn-339nn, 341nn, 342nn, 344nn, 346nn, 347nn, 349nn
Georgia	GA	300nn-319nn, 39815, 39834, 399nn
Hawaii	HI	967nn, 968nn
Idaho	ID	832nn-838nn
Illinois	IL	600nn-629nn
Indiana	IN	460nn-479nn
Iowa	IA	500nn-528nn
Kansas	KS	660nn-679nn
Kentucky	KY	400nn-427nn, 45275
Louisiana	LA	700nn-714nn, 71749
Maine	ME	03801, 039nn-049nn
Maryland	MD	20331, 206nn-219nn
Massachusetts	MA	010nn-027nn, 055nn
Michigan	MI	480nn-499nn
Minnesota	MN	550nn-567nn
Mississippi	MS	386nn-397nn
Missouri	MO	630nn-658nn
Montana	MT	590nn-599nn
Nebraska	NE	680nn-693nn
Nevada	NV	889nn-898nn
New Hampshire	NH	030nn-038nn
New Jersey	NJ	070nn-089nn
New Mexico	NM	870nn-884nn
New York	NY	004nn, 005nn, 06390, 100nn-149nn
North Carolina	NC	270nn-289nn
North Dakota	ND	580nn-588nn
Ohio	OH	430nn-459nn
Oklahoma	OK	730nn-732nn, 734nn-749nn

EXHIBIT1 - Valid ZIP Codes Continued**State Abbr. ZIP Code**

Oregon	OR	970nn-979nn
Pennsylvania	PA	150nn-196nn
Rhode Island	RI	028nn, 029nn
South Carolina	SC	290nn-299nn
South Dakota	SD	570nn-577nn
Tennessee	TN	370nn-385nn
Texas	TX	733nn, 73949, 750nn-799nn
Utah	UT	840nn-847nn
Vermont	VT	050nn-054nn, 056nn-059nn
Virginia	VA	20041, 201nn, 20301, 20370, 220nn-246nn
Washington	WA	980nn-986nn, 988nn-994nn
West Virginia	WV	247nn-268nn
Wisconsin	WI	49936, 530nn-549nn
Wyoming	WY	820nn-831nn

STANDARD POSTAL SERVICE STATE ABBREVIATIONS AND ZIP CODES FOR U.S.POSSESSIONS

U.S. Possession	Abbr.	ZIP Code
American Samoa	AS	967nn
Federated States of Micronesia	FM	969nn
Guam	GU	9691n, 9692n
Marshall Islands	MH	969nn
Commonwealth of the Northern Mariana Islands	MP	9695n
Palau	PW	969nn
Puerto Rico	PR	006nn, 007nn, 009nn
U.S. Virgin Islands	VI	008nn

Form 1065 and 1065-B returns with addresses in the American Possessions are considered to have domestic addresses for processing purposes. The partnership return filer address (1065/1065-B) must contain a state abbreviation to be treated as (and processed in Philadelphia) an American Possession.

APO/FPO CITY/STATE/ZIP CODES FOR MILITARY OVERSEAS ADDRESSES

City	State	ZIP Code
APO or FPO	AA	340nn
APO or FPO	AE	090nn-098nn
APO or FPO	AP	962nn-966nn

EXHIBIT 2
FOREIGN COUNTRY CODES

Code	Foreign Country	Code	Foreign Country
AF	Afghanistan	BM	Burma
AL	Albania	BY	Burundi
AG	Algeria	CB	Cambodia
AQ	American Samoa	CM	Cameroon
AN	Andorra	CA	Canada
AO	Angola	CV	Cape Verde
AV	Anguilla	CJ	Cayman Islands
AY	Antarctica	CT	Central African Republic
AC	Antigua & Barbuda	CD	Chad
AR	Argentina	CI	Chile
AM	Armenia	CH	China
AA	Aruba	KT	Christmas Island
AT	Ashmore & Cartier Islands	IP	Clipperton Island
AS	Australia	CK	Cocos (Keeling) Islands
AU	Austria	CO	Colombia
AJ	Azerbaijan	CN	Comoros
BF	Bahamas	CF	Congo, Republic of the (Brazzaville)
BA	Bahrain	CG	Congo, Democratic Rep of the (Zaire)
FQ	Baker Islands	CW	Cook Islands
BG	Bangladesh	CR	Coral Sea Islands
BB	Barbados	VP	Corsica
BS	Bassas da India	CS	Costa Rica
BO	Belarus	IV	Cote D'Ivoire (Ivory Coast)
BE	Belgium	HR	Croatia
BH	Belize	CU	Cuba
BN	Benin	CY	Cyprus
BD	Bermuda	EZ	Czech Republic
BT	Bhutan	DA	Denmark
BL	Bolivia	DJ	Djibouti
BK	Bosnia-Herzegovina	DO	Dominica
BC	Botswana	DR	Dominican Republic
BV	Bouvet Island	TT	East Timor
BR	Brazil	EC	Ecuador
IO	British Indian Ocean Territory	EG	Egypt
VI	British Virgin Islands	ES	El Salvador

BX	Brunei	EK	Equatorial Guinea
BU	Bulgaria	ER	Eritrea
UV	Burkina Faso	EN	Estonia
ET	Ethiopia	IR	Iran
EU	Europe Island Territory	IZ	Iraq
FK	Falkland Islands (Islas Malvinas)	EI	Ireland
FO	Faroe Islands	IS	Israel
FM	Federated States of Micronesia	IT	Italy
FJ	Fiji	JM	Jamaica
FI	Finland	JN	JanMayen
FR	France	JA	Japan
FG	French Guinea	DQ	Jarvis Island
FP	French Polynesia	JE	Jersey
FS	French Southern & Antarctic Lands	JQ	Johnston Atoll
GB	Gabon	JO	Jordan
GA	The Gambia	JU	Juan de Nova Island
GZ	Gaza Strip	KZ	Kazakhstan
GG	Georgia	KE	Kenya
GM	Germany	KQ	Kingman Reef
GH	Ghana	KR	Kiribati
GI	Gibraltar	KN	Korea, Democratic People's Republic of (North)
GO	Glorioso Islands	KS	Korea, Republic of (South)
GR	Greece	KU	Kuwait
GL	Greenland	KG	Kyrgyzstan
GJ	Grenada	LA	Laos
GP	Guadeloupe	LG	Latvia
GQ	Guam	LE	Lebanon
GT	Guatemala	LT	Lesotho
GK	Guernsey	LI	Liberia
GV	Guinea	LY	Libya
PU	Guinea-Bissau	LS	Liechtenstein
GY	Guyana	LH	Lithuania
HA	Haiti	LU	Luxembourg
HM	Heard Island & McDonald Islands	MC	Macau
HO	Honduras	MK	Macedonia
HK	Hong Kong	MA	Madagascar
HQ	Howland Island	MI	Malawi
HU	Hungary	MY	Malaysia

IC	Iceland	MV	Maldives
IN	India	ML	Mali
ID	Indonesia	MT	Malta
IM	Man, Isle of	PP	Papua-New Guinea
RM	Marshall Islands	PF	Paracel Islands
MB	Martinique	PA	Paraguay
MR	Mauritania	PE	Peru
MP	Mauritius	RP	Philippines
MF	Mayotte	PC	Pitcairn Islands
MX	Mexico	PL	Poland
MQ	Midway Islands	PO	Portugal
MD	Moldova	RQ	Puerto Rico
MN	Monaco	QA	Qatar
MG	Mongolia	RE	Reunion
MH	Montserrat	RO	Romania
MO	Morocco	RS	Russia
MZ	Mozambique	RW	Rwanda
WA	Namibia	WS	Samoa (Western)
NR	Nauru	SM	San Marino
BQ	Navassa Island	TP	Sao Tome and Principe
NP	Nepal	SA	Saudi Arabia
NL	Netherlands	SG	Senegal
NT	Netherlands Antilles	SE	Seychelles
NC	New Caledonia	SL	Sierra Leone
NZ	New Zealand	SN	Singapore
NU	Nicaragua	LO	Slovakia
NG	Niger	SI	Slovenia
NI	Nigeria	BP	Solomon Islands
NE	Niue	SO	Somalia
NF	Norfolk Island	SF	South Africa
CQ	Northern Mariana Island	SX	South Georgia & The South Sandwich Islands
NO	Norway	SP	Spain
MU	Oman	PG	Spratly Islands
OC	Other Countries	CE	Sri Lanka
PK	Pakistan	SH	St. Helena
LQ	Palmyra	SC	St. Kitts & Nevis
PS	Palau	ST	St. Lucia Island
PM	Panama	SB	St. Pierre & Miquelon
VC	St. Vincent and the Grenadines	TV	Tuvalu
SU	Sudan	UG	Uganda
NS	Suriname	UP	Ukraine

SV	Svalbard	TC	United Arab Emirates
WZ	Swaziland	UK	United Kingdom (England, Northern Ireland, Scotland, and Wales)
SW	Sweden	UC	Unknown Country
SZ	Switzerland	UY	Uruguay
SY	Syria	UZ	Uzbekistan
TW	Taiwan	NH	Vanuatu
TI	Tajikistan	VT	Vatican City
TZ	Tanzania	VE	Venezuela
TH	Thailand	VM	Vietnam
TO	Togo	VQ	Virgin Islands (US)
TL	Tokelau	WQ	Wake Island
TN	Tonga	WF	Wallis & Futuna
TD	Trinidad & Tobago	WE	West Bank
TE	Tromelin Island	WI	Western Sahara
TS	Tunisia	YM	Yemen (Aden)
TU	Turkey	YO	Yugoslavia
TX	Turkmenistan	ZA	Zambia
TK	Turks and Caicos Islands	ZI	Zimbabwe

EXHIBIT 3

VALID EINS AND NAME CONTROLS

<u>For 1065</u>	<u>Name Control</u>	<u>Tax Period Ending Month</u>
66-0000001	SAMS	12
66-0000002	JENN	12
66-0000003	CARL	12
66-0000004	EAST	12
66-0000005	SHOE	12

<u>For 1065-B</u>	<u>Name Control</u>	<u>Tax Period Ending Month</u>
66-0000006	ABCO	12
66-0000007	ABCC	12
66-0000008	BLAC	12

Exhibit 4
Tax Year 2007 1065/1065-B Test Scenarios

TAX YEAR 2007 1065/1065-B TEST SCENARIOS

1. 1065, 4562 (2), 4797, 8825, 8844, 8882, 1065 SCH K-1 (102), Form 8453-PE,

ATTACHMENTS:

Itemized Other Deductions Statement
Other Credits and Credit Recapture Statement
Schedule L Other Assets Statement
Schedule L Other Current Liabilities Statement
Ordinary Business Income (Loss) Statement

BINARY ATTACHMENTS: Scanned Form 8453-PE (8453 Signature Document)

NOTE: Please use the same data for the additional ninety-nine (99) Schedule K-1s, but increment the entity information as follows:

EIN: 001-06-1001

Name: Taxpayer A1

Address: PO Box 0001

EIN: 001-06-1002

Name: Taxpayer A2

Address: PO Box 0002

EIN: 001-06-1003

Name: Taxpayer A3

Address: PO Box 0003

2. 1065, 4562, 4797, 8824, 1065 SCH K-1 (2), Form 8453-PE

ATTACHMENTS:

Self-Charged Interest Election
Section 195 Election
Itemized Other Deductions Statement

BINARY ATTACHMENTS: Scanned Form 8453-PE

3. 1065, Schedule M-3 (Form 1065) 4562, 8865, 1065 SCH K-1 (3), 8865, 8865 SCH O, 8865 SCH P

ATTACHMENTS:

Ordinary Income (Loss) From Other Partnerships, Estates, and Trusts Statement
Other Income (Loss) Statement
Itemized Other Deductions Statement
Publicly Traded Partnership Statement
Ownership of Any Interest in Another Partnership or Foreign Entity Statement
Section 754 Election
Income (Loss) From Foreign Partnerships Schedule

BINARY ATTACHMENTS: None

4. 1065, 4562, 4797, 8308, 1065 Sch D, 1065 Sch K-1 (3), Form 8453-PE

ATTACHMENTS:

Other Income (Loss) Statement
Itemized Other Deductions Statement
Itemized Section 263A Costs Schedule
Inventoriable Costs Paid Schedule
Section 754 Election
Partnership's Charitable Contributions Statement
Schedule L Other Current Assets Statement
Schedule L Other Assets Statement
Schedule L Other Current Liabilities Statement

BINARY ATTACHMENTS: Scanned Form 8453-PE (8453 Signature Document)

5. 1065, 4562 (2), 4797, 6252 (2), 8825, 1065 Sch K-1 (4), Sch F (Form 1040), Form 8453-PE

ATTACHMENTS:

Ordinary Income (Loss) From Other Partnerships, Estates, and Trusts Statement
Other Income (Loss) Statement
Itemized Other Deductions Statement
Ownership of Any Interest in Another Partnership or Foreign Entity Statement
Schedule L Other Current Assets Statement
Schedule L Other Current Liabilities Statement

BINARY ATTACHMENTS: Scanned Form 8453-PE (8453 Signature Document)

6. 1065-B, 4797, 1065-B SCH K-1 (2), Form 8453-B

ATTACHMENTS:

Itemized Other Deductions Schedule
Inventoriable Costs Paid Schedule
Balance Sheets Discrepancy Statement
Schedule L Other Current Assets Statement

BINARY ATTACHMENTS: Scanned Form 8453-B (8453 Signature Document)

7. 1065-B, 4562 (2), 8825, 1065-B SCH K-1 (2), Form 8453-B

ATTACHMENTS:

Itemized Other Deductions Schedule
Schedule K-1(Form 1065-B) Miscellaneous Item Statement
Qualified Nonrecourse Financing Statement

BINARY ATTACHMENTS: Scanned Form 8453-B (8453 Signature Document)

8. 1065-B, 8308, 1065-B SCH K-1 (102)

ATTACHMENTS:

Itemized Other Deductions Schedule

BINARY ATTACHMENTS: None

NOTE: Please use the same data for the additional ninety-eight (98) Schedule K-1s, but increment the entity information as follows:

EIN: 001-06-2001

Name: Taxpayer B1

Address: PO Box 0001

EIN: 001-06-2002

Name: Taxpayer B2

Address: PO Box 0002

EIN: 001-06-2003

Name: Taxpayer B3

Address: PO Box 0003

9. K-1 Aggregator Testing – same forms and attachments as Test Scenario #1

10. K-1 Aggregator Testing – same forms and attachments as Test Scenario #3

TEST SCENARIO 1**FORMS REQUIRED:**

1065, 4562 (2), 4797, 8825, 8844, 8882, 1065 SCH K-1 (102), Form 8453-PE

ATTACHMENTS:

Itemized Other Deductions Statement
Other Credits and Credit Recapture Statement
Schedule L Other Assets Statement
Schedule L Other Current Liabilities Statement
Ordinary Business Income (Loss) Statement

BINARY ATTACHMENTS: Scanned Form 8453-PE (8453 Signature Document)**HEADER INFO****Tax Period:** Calendar Year 2007

Preparer Firm: Electronic Tax Filers, Inc 69-0000098
1065 Efile Drive
Anytown, NV 89501

MultipleSoftwarePackagesUsed: Yes or No

Originator: EFIN: Self-select
Type: ERO
PractitionerPIN: None

PIN Entered by – N/A

Signature Option: Binary Attachment 8453 Signature Document**Return Type:** 1065

Filer: EIN: 69-0000001
Name: Sam Starling LLP
Name Control: SAMS
Address: 631 N McKinley Dr
Reno, NV 89510

Partner: Name: Sam Starling
Title: President
Taxpayer PIN:
Phone: 555-555-0000
Email Address: Anymail@email.com
DateSigned: 04/01/2008

Preparer: Name: Jesse James
SSN: 000-11-0001
Phone: 555-555-5555
Email Address: Anymail@email.com
Date Prepared: 04/01/2008
Self Employed: No

IRS PAYMENT: N/A

Details for attachments to Form
Itemized Other Deductions Statement (Form 1065, Page 1, Line 20)

Travel and Entertainment	5,600,000
Other	28,750,000
Utilities	10,000,000
Fees	6,387,848

Other Credits and Credit Recapture Statement (Form 1065, Page 3, Schedule K, Line 15f)

Childcare	35,600
Empowerment	40,000

Schedule L Other Assets Statement (Form 1065, Page 4, Schedule L, Line 13b and 13d)

Type	BOY Amount	EOY Amount
Client Receivable	7,148,515	10,916,115
Other	6,030,400	4,227,867

Schedule L Other Current Liabilities Statement (Form 1065, Page 4, Schedule L, Line 17b and 17d)

Type	BOY Amount	EOY Amount
Other Current Liabilities	2,315,178	4,138,515
Other Accrued Liabilities	3,162,974	2,045,400

Ordinary Business Income (Loss) Statement (Schedule K-1 (Form 1065), Part III, Line 1)

Sam Starling's Statement ONLY	
Education	20,000
Flight Instructor	20,000
Legal Services	8,028,140

NOTE: Please use the same data for the additional ninety-nine (99) Schedule K-1s, but increment the entity information as follows:

EIN: 001-06-1001

Name: Taxpayer A1

Address: PO Box 0001

EIN: 001-06-1002

Name: Taxpayer A2

Address: PO Box 0002

EIN: 001-06-1003

Name: Taxpayer A3

Address: PO Box 0003

Form **1065**
Department of the Treasury
Internal Revenue Service (77)

U.S. Return of Partnership Income
For calendar year 2007, or tax year beginning , 2007, ending , 20 .
▶ See separate instructions.

OMB No. 1545-0099
2007

A Principal business activity Legal Services	Use the IRS label. Otherwise, print or type.	Name of partnership Sam Starling, LLP	D Employer identification number 69 0000001
B Principal product or service Legal Services		Number, street, and room or suite no. If a P.O. box, see the instructions. 631 N McKinley St	E Date business started 10/01/1977
C Business code number 541110		City or town, state, and ZIP code Reno, NV 89510	F Total assets (see the instructions) \$ 108,367,919

G Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change (5) ☐ Amended return
H Check accounting method: (1) ☒ Cash (2) ☐ Accrual (3) ☐ Other (specify) ▶
I Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ▶
J Check if Schedule M-3 required (attach Schedule M-3) ☐

Caution. Include **only** trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

Income	1a Gross receipts or sales	1a	323,455,613			
	b Less returns and allowances	1b			1c	323,455,613
	2 Cost of goods sold (Schedule A, line 8)				2	
	3 Gross profit. Subtract line 2 from line 1c				3	
	4 Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)				4	
	5 Net farm profit (loss) (attach Schedule F (Form 1040))				5	
	6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)				6	10,000
	7 Other income (loss) (attach statement)				7	
Deductions (see the instructions for limitations)	8 Total income (loss). Combine lines 3 through 7				8	323,465,613
	9 Salaries and wages (other than to partners) (less employment credits)				9	110,535,025
	10 Guaranteed payments to partners				10	22,675,031
	11 Repairs and maintenance				11	2,042,164
	12 Bad debts				12	
	13 Rent				13	25,922,173
	14 Taxes and licenses				14	12,226,452
	15 Interest				15	14,622
	16a Depreciation (if required, attach Form 4562)	16a	7,292,891			
	b Less depreciation reported on Schedule A and elsewhere on return	16b	18,275		16c	7,274,616
	17 Depletion (Do not deduct oil and gas depletion.)				17	
	18 Retirement plans, etc.				18	4,255,918
	19 Employee benefit programs				19	7,100,361
	20 Other deductions (attach statement)				20	50,737,848
	21 Total deductions. Add the amounts shown in the far right column for lines 9 through 20				21	242,784,210
	22 Ordinary business income (loss). Subtract line 21 from line 8				22	80,681,403

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.

▶ Signature of general partner or limited liability company member manager ▶ Date

May the IRS discuss this return with the preparer shown below (see instructions)? ☐ Yes ☐ No

Paid Preparer's Use Only

Preparer's signature Date Check if self-employed ☐ Preparer's SSN or PTIN

Firm's name (or yours if self-employed), address, and ZIP code ▶ EIN ▶ Phone no. ()

Schedule A Cost of Goods Sold (see the instructions)

1	Inventory at beginning of year	1		
2	Purchases less cost of items withdrawn for personal use	2		
3	Cost of labor	3		
4	Additional section 263A costs (attach statement)	4		
5	Other costs (attach statement)	5		
6	Total. Add lines 1 through 5	6		
7	Inventory at end of year	7		
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8		

- 9a Check all methods used for valuing closing inventory:
- (i) ☐ Cost as described in Regulations section 1.471-3
 - (ii) ☐ Lower of cost or market as described in Regulations section 1.471-4
 - (iii) ☐ Other (specify method used and attach explanation) ▶
- b Check this box if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) . . . ▶ ☐
- c Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶ ☐
- d Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership? . . . ☐ Yes ☐ No
- e Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☐ No
- If "Yes," attach explanation.

Schedule B Other Information

	Yes	No
1 What type of entity is filing this return? Check the applicable box:		
a <input type="checkbox"/> Domestic general partnership		
b <input type="checkbox"/> Domestic limited partnership		
c <input type="checkbox"/> Domestic limited liability company		
d <input checked="" type="checkbox"/> Domestic limited liability partnership		
e <input type="checkbox"/> Foreign partnership		
f <input type="checkbox"/> Other ▶		
2 Are any partners in this partnership also partnerships?	<input checked="" type="checkbox"/>	
3 During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign entity that was disregarded as an entity separate from its owner under Regulations section 301.7701-2 and 301.7701-3? If "Yes," see instructions for required attachment		<input checked="" type="checkbox"/>
4 Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details		<input checked="" type="checkbox"/>
5 Does this partnership meet all three of the following requirements?		
a The partnership's total receipts for the tax year were less than \$250,000;		
b The partnership's total assets at the end of the tax year were less than \$600,000; and		
c Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return		<input checked="" type="checkbox"/>
If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item N on Schedule K-1.		
6 Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805 and 8813. See the instructions	<input checked="" type="checkbox"/>	
7 Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		<input checked="" type="checkbox"/>
8 Has this partnership filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?		<input checked="" type="checkbox"/>
9 At any time during calendar year 2007, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country. ▶		<input checked="" type="checkbox"/>
10 During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520. See the instructions		<input checked="" type="checkbox"/>
11 Was there a distribution of property or a transfer (for example, by sale or death) of a partnership interest during the tax year? If "Yes," you may elect to adjust the basis of the partnership's assets under section 754 by attaching the statement described under Elections Made By the Partnership in the instructions		<input checked="" type="checkbox"/>
12 Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return ▶		

Designation of Tax Matters Partner (see the instructions)

Enter below the general partner designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP ▶	Identifying number of TMP ▶
Address of designated TMP ▶	

Schedule K		Partners' Distributive Share Items	Total amount	
Income (Loss)	1	Ordinary business income (loss) (page 1, line 22)	1	80,681,403
	2	Net rental real estate income (loss) (attach Form 8825)	2	203,125
	3a	Other gross rental income (loss)	3a	
	3b	Expenses from other rental activities (attach statement)	3b	
	3c	Other net rental income (loss). Subtract line 3b from line 3a	3c	
	4	Guaranteed payments	4	22,675,031
	5	Interest income	5	92,650
	6a	Dividends: a Ordinary dividends	6a	
	6b	b Qualified dividends	6b	
	7	Royalties	7	
	8	Net short-term capital gain (loss) (attach Schedule D (Form 1065))	8	
Deductions	9a	Net long-term capital gain (loss) (attach Schedule D (Form 1065))	9a	
	9b	b Collectibles (28%) gain (loss)	9b	
	9c	c Unrecaptured section 1250 gain (attach statement)	9c	
	10	Net section 1231 gain (loss) (attach Form 4797)	10	
	11	Other income (loss) (see instructions) Type ▶	11	
Self-Employment	12	Section 179 deduction (attach Form 4562)	12	
	13a	Contributions	13a	
	13b	b Investment interest expense	13b	
	13c(2)	c Section 59(e)(2) expenditures: (1) Type ▶ (2) Amount ▶	13c(2)	
Credits	13d	d Other deductions (see instructions) Type ▶	13d	
	14a	Net earnings (loss) from self-employment	14a	55,024,842
	14b	b Gross farming or fishing income	14b	
	14c	c Gross nonfarm income	14c	55,024,842
	15a	Low-income housing credit (section 42(j)(5))	15a	
	15b	b Low-income housing credit (other)	15b	
Foreign Transactions	15c	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	15c	
	15d	d Other rental real estate credits (see instructions) Type ▶	15d	
	15e	e Other rental credits (see instructions) Type ▶	15e	
	15f	f Other credits (see instructions) Type ▶	15f	75,600
	16a	Name of country or U.S. possession ▶	16a	
	16b	b Gross income from all sources	16b	
	16c	c Gross income sourced at partner level	16c	
	16d	Foreign gross income sourced at partnership level	16d	
	16e	d Passive category ▶ e General category ▶ f Other ▶	16e	
	16f	Deductions allocated and apportioned at partner level	16f	
Alternative Minimum Tax (AMT) Items	16g	g Interest expense ▶ h Other ▶	16g	
	16h	Deductions allocated and apportioned at partnership level to foreign source income	16h	
	16i	i Passive category ▶ j General category ▶ k Other ▶	16i	
	16j	l Total foreign taxes (check one): ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/>	16j	
	16k	m Reduction in taxes available for credit (attach statement)	16k	
	16l	n Other foreign tax information (attach statement)	16l	
	17a	Post-1986 depreciation adjustment	17a	199,456
	17b	b Adjusted gain or loss	17b	
Other Information	17c	c Depletion (other than oil and gas)	17c	
	17d	d Oil, gas, and geothermal properties—gross income	17d	
	17e	e Oil, gas, and geothermal properties—deductions	17e	
	17f	f Other AMT items (attach statement)	17f	
	18a	Tax-exempt interest income	18a	
	18b	b Other tax-exempt income	18b	
	18c	c Nondeductible expenses	18c	775,128
Other Information	19a	Distributions of cash and marketable securities	19a	75,140,310
	19b	b Distributions of other property	19b	
	20a	Investment income	20a	92,650
	20b	b Investment expenses	20b	
	20c	c Other items and amounts (attach statement)	20c	

Analysis of Net Income (Loss)

1	Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16l					1	103,652,209
2	Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other
a	General partners				55,065,902		
b	Limited partners			48,586,307			

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		15,374,582		41,036,739
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts				
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities				
6	Other current assets (attach statement)				
7	Mortgage and real estate loans				
8	Other investments (attach statement)				
9a	Buildings and other depreciable assets	64,937,028		79,134,516	
b	Less accumulated depreciation	32,123,456	32,813,572	26,947,318	52,187,198
10a	Depletable assets				
b	Less accumulated depletion				
11	Land (net of any amortization)				
12a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
13	Other assets (attach statement)		13,178,915		15,143,982
14	Total assets		61,367,069		108,367,919
Liabilities and Capital					
15	Accounts payable				
16	Mortgages, notes, bonds payable in less than 1 year				
17	Other current liabilities (attach statement)		5,478,152		6,183,915
18	All nonrecourse loans		11,000,000		11,000,000
19	Mortgages, notes, bonds payable in 1 year or more				
20	Other liabilities (attach statement)				
21	Partners' capital accounts		44,888,917		91,184,004
22	Total liabilities and capital		61,367,069		108,367,919

Schedule M-1

Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Note. Schedule M-3 may be required instead of Schedule M-1 (see instructions).

1	Net income (loss) per books	121,435,397	6	Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		a	Tax-exempt interest \$	
3	Guaranteed payments (other than health insurance)	22,675,031	7	Deductions included on Schedule K, lines 1 through 13d, and 16l, not charged against book income this year (itemize):	
4	Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16l (itemize):		a	Depreciation \$	46,058,219
a	Depreciation \$				46,058,219
b	Travel and entertainment \$	5,600,000	8	Add lines 6 and 7	46,058,219
		5,600,000	9	Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	103,652,209
5	Add lines 1 through 4	149,710,428			

Schedule M-2		Analysis of Partners' Capital Accounts			
1	Balance at beginning of year	44,888,917	6	Distributions: a Cash	75,140,310
2	Capital contributed: a Cash			b Property	
	b Property		7	Other decreases (itemize):	
3	Net income (loss) per books	121,435,397		. . . . .
4	Other increases (itemize):		8	Add lines 6 and 7	75,140,310
5	Add lines 1 through 4	166,324,314	9	Balance at end of year. Subtract line 8 from line 5	91,184,004

Form **4562**
Department of the Treasury
Internal Revenue Service

Depreciation and Amortization
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

OMB No. 1545-0172
2007
Attachment
Sequence No. **67**

Name(s) shown on return Sam Starling, LLP		Business or activity to which this form relates Rental	Identifying number 69-0000001
---	--	--	---

Part I Election To Expense Certain Property Under Section 179
Note: *If you have any listed property, complete Part V before you complete Part I.*

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	\$125,000
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	\$500,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	

(a) Description of property	(b) Cost (business use only)	(c) Elected cost
6		
7	Listed property. Enter the amount from line 29	7
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8
9	Tentative deduction. Enter the smaller of line 5 or line 8.	9
10	Carryover of disallowed deduction from line 13 of your 2006 Form 4562	10
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12
13	Carryover of disallowed deduction to 2008. Add lines 9 and 10, less line 12 ▶	13

Note: *Do not use Part II or Part III below for listed property. Instead, use Part V.*

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) and cellulosic biomass ethanol plant property placed in service during the tax year (see instructions)	14
15	Property subject to section 168(f)(1) election	15
16	Other depreciation (including ACRS)	16

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2007	17	18,275
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ <input type="checkbox"/>		

Section B—Assets Placed in Service During 2007 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2007 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (see instructions)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instr.	22	18,275
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V

Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? Yes No 24b If "Yes," is the evidence written? Yes No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25	Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions).						25	
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L –		
		%				S/L –		
		%				S/L –		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1.						28		
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1.							29	

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1	(b) Vehicle 2	(c) Vehicle 3	(d) Vehicle 4	(e) Vehicle 5	(f) Vehicle 6
30	Total business/investment miles driven during the year (do not include commuting miles)					
31	Total commuting miles driven during the year					
32	Total other personal (noncommuting) miles driven					
33	Total miles driven during the year. Add lines 30 through 32					
34	Yes	No	Yes	No	Yes	No
35	Was the vehicle available for personal use during off-duty hours?					
36	Was the vehicle used primarily by a more than 5% owner or related person?					
36	Is another vehicle available for personal use?					

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

37	Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38	Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39	Do you treat all use of vehicles by employees as personal use?		
40	Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41	Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		
Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.			

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2007 tax year (see instructions):					
43 Amortization of costs that began before your 2007 tax year.				43	
44 Total. Add amounts in column (f). See the instructions for where to report.				44	

Form 4562 Department of the Treasury Internal Revenue Service	Depreciation and Amortization (Including Information on Listed Property) ▶ See separate instructions. ▶ Attach to your tax return.	OMB No. 1545-0172 2007 Attachment Sequence No. 67
	Name(s) shown on return Sam Starling, LLP	Business or activity to which this form relates Legal Services
		Identifying number 69-0000001

Part I Election To Expense Certain Property Under Section 179
Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	\$125,000
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	\$500,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
(a) Description of property		(b) Cost (business use only)	(c) Elected cost
6			
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8.	9	
10	Carryover of disallowed deduction from line 13 of your 2006 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2008. Add lines 9 and 10, less line 12 ▶	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.
Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) and cellulosic biomass ethanol plant property placed in service during the tax year (see instructions)	14	3,258,175
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	625,392

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)
Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2007	17	2,745,142
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ <input type="checkbox"/>		

Section B—Assets Placed in Service During 2007 Tax Year Using the General Depreciation System						
(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property		1,428,700	5	HY	DB	285,740
c 7-year property		2,275,000	7	HY	DB	325,098
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	
		1,425,000	39	MM	S/L	35,069

Section C—Assets Placed in Service During 2007 Tax Year Using the Alternative Depreciation System						
20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (see instructions)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instr.	22	7,274,616
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? <input type="checkbox"/> Yes <input type="checkbox"/> No					24b If "Yes," is the evidence written? <input type="checkbox"/> Yes <input type="checkbox"/> No				
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost	
25 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions).							25		
26 Property used more than 50% in a qualified business use:									
		%							
		%							
		%							
27 Property used 50% or less in a qualified business use:									
		%				S/L –			
		%				S/L –			
		%				S/L –			
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1.							28		
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1.							29		

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

30	Total business/investment miles driven during the year (do not include commuting miles)	(a) Vehicle 1	(b) Vehicle 2	(c) Vehicle 3	(d) Vehicle 4	(e) Vehicle 5	(f) Vehicle 6		
31	Total commuting miles driven during the year								
32	Total other personal (noncommuting) miles driven								
33	Total miles driven during the year. Add lines 30 through 32								
34	Was the vehicle available for personal use during off-duty hours?	Yes	No	Yes	No	Yes	No	Yes	No
35	Was the vehicle used primarily by a more than 5% owner or related person?								
36	Is another vehicle available for personal use?								

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

37	Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38	Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39	Do you treat all use of vehicles by employees as personal use?		
40	Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41	Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		
Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.			

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2007 tax year (see instructions):					
43 Amortization of costs that began before your 2007 tax year.				43	
44 Total. Add amounts in column (f). See the instructions for where to report.				44	

Form

4797

Department of the Treasury
Internal Revenue Service (99)

Sales of Business Property

(Also Involuntary Conversions and Recapture Amounts
Under Sections 179 and 280F(b)(2))

► Attach to your tax return.► See separate instructions.

OMB No. 1545-0184

2007

Attachment
Sequence No. 27

Name(s) shown on return

Sam Starling, LLP

Identifying number

69-0000001

1

Enter the gross proceeds from sales or exchanges reported to you for 2007 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions).

1

Part I

Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft—Most Property Held More Than 1 Year (see instructions)

(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)					
2											
3	Gain, if any, from Form 4684, line 39					3					
4	Section 1231 gain from installment sales from Form 6252, line 26 or 37					4					
5	Section 1231 gain or (loss) from like-kind exchanges from Form 8824					5					
6	Gain, if any, from line 32, from other than casualty or theft					6					
7	Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows:					7					
Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.											
Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.											
8	Nonrecaptured net section 1231 losses from prior years (see instructions)										
9	Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions).										
8	Nonrecaptured net section 1231 losses from prior years (see instructions)					8					
9	Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions).					9					

Part II

Ordinary Gains and Losses (see instructions)

10

Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

11

Loss, if any, from line 7

11 ()

12

Gain, if any, from line 7 or amount from line 8, if applicable

12

13

Gain, if any, from line 31

13 10,000

14

Net gain or (loss) from Form 4684, lines 31 and 38

14

15

Ordinary gain from installment sales from Form 6252, line 25 or 36

15

16

Ordinary gain or (loss) from like-kind exchanges from Form 8824

16

17

Combine lines 10 through 16

17 10,000

18

For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:

a

If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a." See instructions

18a

b

Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14

18b

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 13086I

Form 4797 (2007)

Part III

Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255

(see instructions)

19	(a) Description of section 1245, 1250, 1252, 1254, or 1255 property:	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
A	Furniture and Fixtures	10/01/2006	01/19/2007
B			
C			
D			

These columns relate to the properties on lines 19A through 19D. ►		Property A	Property B	Property C	Property D
20	Gross sales price (Note: See line 1 before completing.)	20	10,000		
21	Cost or other basis plus expense of sale	21	10,000		
22	Depreciation (or depletion) allowed or allowable	22	10,000		
23	Adjusted basis. Subtract line 22 from line 21	23			
24	Total gain. Subtract line 23 from line 20	24	10,000		
25	If section 1245 property:				
a	Depreciation allowed or allowable from line 22	25a	10,000		
b	Enter the smaller of line 24 or 25a	25b	10,000		
26	If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.				
a	Additional depreciation after 1975 (see instructions)	26a			
b	Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions)	26b			
c	Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e	26c			
d	Additional depreciation after 1969 and before 1976	26d			
e	Enter the smaller of line 26c or 26d	26e			
f	Section 291 amount (corporations only)	26f			
g	Add lines 26b, 26e, and 26f	26g			
27	If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).				
a	Soil, water, and land clearing expenses	27a			
b	Line 27a multiplied by applicable percentage (see instructions)	27b			
c	Enter the smaller of line 24 or 27b	27c			
28	If section 1254 property:				
a	Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions)	28a			
b	Enter the smaller of line 24 or 28a	28b			
29	If section 1255 property:				
a	Applicable percentage of payments excluded from income under section 126 (see instructions)	29a			
b	Enter the smaller of line 24 or 29a (see instructions)	29b			

Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30.

30	Total gains for all properties. Add property columns A through D, line 24	30	10,000
			10,000
31	Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31	
32	Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6	32	0

Part IV

Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less

(see instructions)

		(a) Section 179	(b) Section 280F(b)(2)
33	Section 179 expense deduction or depreciation allowable in prior years	33	
34	Recomputed depreciation (see instructions)	34	
35	Recapture amount. Subtract line 34 from line 33. See the instructions for where to report	35	

Form

8825

(Rev. December 2006)

Department of the Treasury
Internal Revenue Service**Rental Real Estate Income and Expenses of a
Partnership or an S Corporation**

▶ See instructions on back.

▶ Attach to Form 1065, Form 1065-B, or Form 1120S.

OMB No. 1545-1186

Name

Employer identification number

Sam Starling, LLP**69****0000001****1** Show the kind and location of each property. See page 2 to list additional properties.**A** Rental**B** _____**C** _____**D** _____**Properties****Rental Real Estate Income****2** Gross rents **2** **1,234,900****Rental Real Estate Expenses****3** Advertising **3****4** Auto and travel **4****5** Cleaning and maintenance **5****6** Commissions **6****7** Insurance **7****8** Legal and other professional fees **8****9** Interest **9****10** Repairs **10****11** Taxes **11****12** Utilities **12****13** Wages and salaries **13****14** Depreciation (see instructions) **14** **18,275****15** Other (list) ▶ **15** **1,013,500**

.

.

.

.

16 Total expenses for each property. Add lines 3 through 15 **16** **1,031,775**

.

17 Total gross rents. Add gross rents from line 2, columns A through H **17** **1,234,900**

.

18 Total expenses. Add total expenses from line 16, columns A through H **18** (**1,031,775**)

.

19 Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities **19**

.

.

20a Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1) **20a**

.

b Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed:

.

.

(1) Name **(2)** Employer identification number

.

.

.

21 Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on: **21** **203.125**

.

.

.

1	Show the kind and location of each property.
E	-----
F	-----
G	-----
H	-----

		Properties							
		E		F		G		H	
Rental Real Estate Income									
2	Gross rents	2							
Rental Real Estate Expenses									
3	Advertising	3							
4	Auto and travel	4							
5	Cleaning and maintenance	5							
6	Commissions	6							
7	Insurance	7							
8	Legal and other professional fees	8							
9	Interest	9							
10	Repairs	10							
11	Taxes	11							
12	Utilities	12							
13	Wages and salaries	13							
14	Depreciation (see instructions)	14							
15	Other (list) ►								
	-----	15							

16	Total expenses for each property. Add lines 3 through 15	16							

Instructions

Section references are to the Internal Revenue Code.

What's New

The IRS will revise this December 2006 version of Form 8825 only when necessary. Continue to use this version of the form for tax years beginning after 2006 until a new revision is issued.

Purpose of form. Partnerships and S corporations use Form 8825 to report income and deductible expenses from rental real estate activities, including net income (loss) from rental real estate activities that flow through from partnerships, estates, or trusts.

Before completing this form, be sure to read:

- *Passive Activity Limitations* in the instructions for Form 1065 or Form 1120S, or *Passive Loss Limitation Activities* in the instructions for Form 1065-B, especially for the definition of "rental activity."
- *Extraterritorial Income Exclusion* in the instructions for Form 1065, 1065-B, or 1120S.

Specific Instructions. Form 8825 provides space for up to eight properties. If there are more than eight properties, attach additional Forms 8825.

The number of columns to be used for reporting income and expenses on this form may differ from the number of rental real estate activities the partnership or S corporation has for purposes of the passive activity limitations. For example, a partnership owns two apartment buildings, each located in a different city. For purposes of the passive activity limitations, the partnership grouped both buildings into a single activity. Although the partnership has only one rental real estate activity for purposes of the

passive activity limitations, it must report the income and deductions for each building in separate columns.

However, if the partnership or S corporation has more than one rental real estate activity for purposes of the passive activity limitations, attach a statement to Schedule K that reports the net income (loss) for each separate activity. Also, attach a statement to each Schedule K-1 that reports each partner's or shareholder's share of the net income (loss) by separate activity (except for limited partners in an electing large partnership). See *Passive Activity Reporting Requirements* in the instructions for Form 1065, Form 1065-B, or Form 1120S for additional information that must be provided for each activity.

Complete lines 1 through 16 for each property. But complete lines 17 through 21 on only one Form 8825. The figures on lines 17 and 18 should be the combined totals for all forms.

Do not report on Form 8825 any:

- Income or deductions from a trade or business activity or a rental activity other than rental real estate. These items are reported elsewhere.
- Portfolio income or deductions.
- Section 179 expense deduction.
- Other items that must be reported separately to the partners or shareholders.
- Commercial revitalization deductions.

Line 1. Show the kind of property rented out (for example, "apartment building"). Give the street address, city or town, and state.

Line 14. The partnership or S corporation may claim a depreciation deduction each year for

rental property (except for land, which is not depreciable). If the partnership or S corporation placed property in service during the current tax year or claimed depreciation on any vehicle or other listed property, complete and attach Form 4562, Depreciation and Amortization. See Form 4562 and its instructions to figure the depreciation deduction.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: Recordkeeping, 6 hr., 27 min.; Learning about the law or the form, 34 min.; Preparing the form, 1 hr., 37 min.; Copying, assembling, and sending the form to the IRS, 16 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

Form

8844

Department of the Treasury
Internal Revenue Service

Empowerment Zone and Renewal
Community Employment Credit

► Attach to your tax return.

OMB No. 1545-1444

2007

Attachment
Sequence No. 99

Name(s) shown on return
Sam Starling, LLP

Identifying number
69-0000001

Part I Current Year Credit

1	Enter the total qualified wages paid or incurred during calendar year 2007 only (see instructions)		
a	Qualified empowerment zone wages \$ 200,000 X 20% (.20)	1a	40,000
b	Qualified renewal community wages \$ X 15% (.15)	1b	
2	Add lines 1a and 1b. You must subtract this amount from your deduction for salaries and wages	2	40,000
3	Employment zone and renewable community employment credit from partnerships, S corporations, cooperatives, estates, and trusts	3	
4	Add lines 2 and 3. Partnerships and S corporations, report this amount on Schedule K; all others, go to line 5	4	40,000
5	Empowerment zone and renewal community employment credit included on line 4 from passive activities (see instructions)	5	
6	Subtract line 5 from line 4	6	
7	Passive activity credit allowed for 2007 (see instructions)	7	
8	Carryforward of empowerment zone and renewal community employment credit to 2007	8	
9	Carryback of empowerment zone and renewal community employment credit from 2008 (see instructions)	9	
10	Add lines 6 through 9. Cooperatives, estates, and trusts, go to line 11. All others, use this amount to complete Part II	10	
11	Amount allocated to the patrons of the cooperative or the beneficiaries of the estate or trust (see instructions)	11	
12	Cooperatives, estates, and trusts. Subtract line 11 from line 10. Use this amount to complete Part II	12	

Part II Allowable Credit

13	Regular tax before credits:		
	• Individuals. Enter the amount from Form 1040, line 44; Form 1040NR, line 41		
	• Corporations. Enter the amount from Form 1120, Schedule J, line 2; or the applicable line of your return	13	
	• Estates and trusts. Enter the sum of the amounts from Form 1041, Schedule G, lines 1a and 1b, or the amount from the applicable line of your return		
14	Alternative minimum tax:		
	• Individuals. Enter the amount from Form 6251, line 35		
	• Corporations. Enter the amount from Form 4626, line 14	14	
	• Estates and trusts. Enter the amount from Form 1041, Schedule I, line 56		
15	Add lines 13 and 14	15	
16a	Credits from Form 1040, lines 47 through 50 and lines 52 through 54 (or Form 1040NR, lines 44, 45, and 47 through 49)	16a	
b	Foreign tax credit	16b	
c	Credits from Forms 5735 and 8834	16c	
d	Non-business alternative motor vehicle credit (Form 8910, line 18)	16d	
e	Non-business alternative fuel vehicle refueling property credit (Form 8911, line 19)	16e	
f	Add lines 16a through 16e	16f	
17	Net income tax. Subtract line 16f from line 15. If zero, skip lines 18 through 24 and enter -0- on line 25	17	
18	Net regular tax. Subtract line 16f from line 13. If zero or less, enter -0-	18	
19	Tentative minimum tax (see instructions)	19	
20	Enter 25% (.25) of the excess, if any, of line 18 over \$25,000 (see instructions)	20	
21	Multiply line 19 by 75% (.75)	21	
22	Enter the greater of line 20 or line 21	22	
23	Subtract line 22 from line 17. If zero or less, enter -0-	23	
24	General business credit (Form 3800, line 19)	24	
25	Subtract line 24 from line 23	25	
26	Credit allowed for the current year. Cooperatives, estates, and trusts. Enter the smaller of line 12 or line 25. Report this amount on Form 1041, Schedule G, line 2c; or Form 1120-C, Schedule J, line 5c. If line 25 is smaller than line 12, see instructions. All others. Enter the smaller of line 10 or line 25. Report this amount on Form 1040, line 55; Form 1040NR, line 50; Form 1120, Schedule J, line 5c; or the applicable line of your return. If line 25 is smaller than line 12, see instructions	26	

Form **8882**

(Rev. December 2006)

Department of the Treasury
Internal Revenue Service**Credit for Employer-Provided Childcare
Facilities and Services**

▶ Attach to your tax return.

OMB No. 1545-1809

Attachment
Sequence No. **131**

Name(s) shown on return

Identifying number

Sam Starling, LLP**69-0000001**

1	Qualified childcare facility expenditures paid or incurred	1		
2	Enter 25% (.25) of line 1	2		
3	Qualified childcare resource and referral expenditures paid or incurred	3		
4	Enter 10% (.10) of line 3	4		
5	Credit for employer-provided childcare facilities and services from partnerships, S corporations, estates, and trusts	5		35,600
6	Add lines 2, 4, and 5	6		35,600
7	Enter the smaller of line 6 or \$150,000 . Estates and trusts, go to line 8. All others report this amount as follows: partnerships and S corporations, report this amount on Schedule K; all others, report the credit on the applicable line of Form 3800, (e.g., line 1n of the 2006 Form 3800)	7		35,600
8	Amount allocated to beneficiaries of the estate or trust (see instructions)	8		
9	Estates and trusts. Subtract line 8 from line 7. Report the credit on the applicable line of Form 3800 (e.g., line 1n of the 2006 Form 3800)	9		

General Instructions

Section references are to the Internal Revenue Code.

What's New

- The tax liability limit is no longer figured on this form. Instead, it must be figured on Form 3800, General Business Credit.
- Taxpayers that are not partnerships, S corporations, estates, or trusts, and whose only source of this credit is from those pass-through entities, are not required to complete or file this form. Instead, they can report this credit directly on line 1n of Form 3800.
- The IRS will revise this December 2006 version of the form only when necessary. Continue to use this version for tax years beginning after 2005 until a new revision is issued.

Purpose of Form

Employers use Form 8882 to claim the credit for qualified childcare facility and resource and referral expenditures. The credit is part of the general business credit. You may claim the credit any time within 3 years from the due date of your return on either an original or amended return.

For details, see section 45F.

How To Figure the Credit

The credit is 25% of the qualified childcare facility expenditures plus 10% of the qualified childcare resource and referral expenditures paid or incurred during the tax year. The credit is limited to \$150,000 per tax year.

Qualified childcare expenditures are amounts paid or incurred:

- To acquire, construct, rehabilitate, or expand property that:
 1. Is to be used as part of a qualified childcare facility of the taxpayer,
 2. Is depreciable (or amortizable) property, and
 3. Is not part of the principal residence of the taxpayer or any employee of the taxpayer;
- For the operating expenses of a qualified childcare facility of the taxpayer, including expenses for training of employees, scholarship programs, and providing increased compensation to employees with higher levels of childcare training; or
- Under a contract with a qualified childcare facility to provide childcare services to employees of the taxpayer.

Note. Any expenses for childcare included in qualified childcare facility expenditures may not exceed the fair market value of such care.

A *qualified childcare facility* is a facility that meets the requirements of all applicable laws and regulations of the state or local government in which it is located, including the licensing of the facility as a childcare facility. The following conditions must also be met.

- The principal use of the facility must be to provide childcare (unless the facility is also the personal residence of the person operating the facility).
- Enrollment in the facility must be open to employees of the taxpayer during the tax year.

651106

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Schedule K-1
(Form 1065)

2007

Department of the Treasury
Internal Revenue Service

For calendar year 2007, or tax
year beginning _____, 2007
ending _____, 20____

Partner's Share of Income, Deductions,
Credits, etc. ▶ See back of form and separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number
69-0000001

B Partnership's name, address, city, state, and ZIP code
Sam Starling, LLP
631 N McKinley Dr
Reno, NV 89510

C IRS Center where partnership filed return
Ogden

D ☐ Check if this is a publicly traded partnership (PTP)

E ☐ Tax shelter registration number, if any _____

F ☐ Check if Form 8271 is attached

Part II Information About the Partner

G Partner's identifying number
000-00-0001

H Partner's name, address, city, state, and ZIP code
Taxpayer A1
PO Box 0001
Reno, NV 89510

I ☐ General partner or LLC member-manager ☒ Limited partner or other LLC member

J ☒ Domestic partner ☐ Foreign partner

K What type of entity is this partner? Individual

L Partner's share of profit, loss, and capital:

	Beginning		Ending
Profit	.5 %		.5 %
Loss	.5 %		.5 %
Capital	.5 %		.5 %

M Partner's share of liabilities at year end:

Nonrecourse	. . . . .	.\$	55,000
Qualified nonrecourse financing	. . . . .	.\$
Recourse	. . . . .	.\$

N Partner's capital account analysis:

Beginning capital account	. . . . .	.\$	224,445
Capital contributed during the year	. . . . .	.\$
Current year increase (decrease)	. . . . .	.\$	607,177
Withdrawals & distributions	. . . . .	.\$	( 375,702)
Ending capital account	. . . . .	.\$	455,920

☐ Tax basis ☐ GAAP ☒ Section 704(b) book
☐ Other (explain)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss)	15	Credits
	403,407		K 200
2	Net rental real estate income (loss)		
	1,016		P 178
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
	463		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
			A 997
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		C 3,876
		19	Distributions
12	Section 179 deduction		A 375,702
13	Other deductions		
		20	Other information
			A 463
14	Self-employment earnings (loss)		

*See attached statement for additional information.

For IRS Use Only

651106

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Schedule K-1
(Form 1065)

2007

Department of the Treasury
Internal Revenue Service

For calendar year 2007, or tax
year beginning _____, 2007
ending _____, 20____

Partner's Share of Income, Deductions,
Credits, etc. ▶ See back of form and separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number
69-0000001

B Partnership's name, address, city, state, and ZIP code
Sam Starling, LLP
631 N McKinley Dr
Reno, NV 89510

C IRS Center where partnership filed return
Ogden

D ☐ Check if this is a publicly traded partnership (PTP)

E ☐ Tax shelter registration number, if any _____

F ☐ Check if Form 8271 is attached

Part II Information About the Partner

G Partner's identifying number
000-00-0022

H Partner's name, address, city, state, and ZIP code
Sam Starling
PO Box 99
7 Birch Branch
St Johns, NFLD
Canada, AIC5N5

I ☐ General partner or LLC member-manager ☒ Limited partner or other LLC member

J ☐ Domestic partner ☒ Foreign partner

K What type of entity is this partner? Individual

L Partner's share of profit, loss, and capital:

	Beginning		Ending
Profit	10 %		10 %
Loss	10 %		10 %
Capital	10 %		10 %

M Partner's share of liabilities at year end:

Nonrecourse	. . . . .	.\$	1,100,000
Qualified nonrecourse financing	. . . . .	.\$
Recourse	. . . . .	.\$

N Partner's capital account analysis:

Beginning capital account	. . . . .	.\$	4,488,892
Capital contributed during the year	. . . . .	.\$
Current year increase (decrease)	. . . . .	.\$	12,143,540
Withdrawals & distributions	. . . . .	.\$ (	7,514,031)
Ending capital account	. . . . .	.\$	9,118,401

☐ Tax basis ☐ GAAP ☒ Section 704(b) book

☐ Other (explain)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss)	15	Credits
	8,068,140		K 4,000
2	Net rental real estate income (loss)		P 3,560
	20,312		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
	9,265		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
			A 19,946
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		C 77,513
		19	Distributions
12	Section 179 deduction		A 7,514,031
13	Other deductions		
		20	Other information
			A 9,265
14	Self-employment earnings (loss)		

*See attached statement for additional information.

For IRS Use Only

651106

Schedule K-1
(Form 1065)

Department of the Treasury
Internal Revenue Service

2007

For calendar year 2007, or tax
year beginning _____, 2007
ending _____, 20____

Partner’s Share of Income, Deductions,
Credits, etc. ▶ See back of form and separate instructions.

Part I

Information About the Partnership

A

Partnership’s employer identification number

69-0000001

B

Partnership’s name, address, city, state, and ZIP code

Sam Starling, LLP
631 N McKinley Dr
Reno, NV 89510

C

IRS Center where partnership filed return

Ogden

D

☐ Check if this is a publicly traded partnership (PTP)

E

Tax shelter registration number, if any _____

F

☐ Check if Form 8271 is attached

Part II

Information About the Partner

G

Partner’s identifying number

69-1000001

H

Partner’s name, address, city, state, and ZIP code

Barton and Jenkins Enterprise
RR 510 W
Anchorage, AK 99502

I

☒ General partner or LLC member-manager

☐ Limited partner or other LLC member

J

☒ Domestic partner

☐ Foreign partner

K

What type of entity is this partner? Partnership

L

Partner’s share of profit, loss, and capital:

	Beginning		Ending
Profit	40 %		40 %
Loss	40 %		40 %
Capital	40 %		40 %

M

Partner’s share of liabilities at year end:

Nonrecourse	. . . . .	.\$	4,400,000
Qualified nonrecourse financing	. . . . .	.\$
Recourse	. . . . .	.\$

N

Partner’s capital account analysis:

Beginning capital account	. . . . .	.\$	17,955,567
Capital contributed during the year	. . . . .	.\$
Current year increase (decrease)	. . . . .	.\$	48,574,159
Withdrawals & distributions	. . . . .	.\$	( 30,056,124)
Ending capital account	. . . . .	.\$	36,473,602

☐ Tax basis

☐ GAAP

☒ Section 704(b) book

☐ Other (explain)

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Part III

Partner’s Share of Current Year Income,
Deductions, Credits, and Other Items

1	Ordinary business income (loss)	15	Credits
	32,272,561		K 16,000
2	Net rental real estate income (loss)		
	81,250		P 14,240
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
	22,675,031		
5	Interest income		
	37,060		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
			A 79,782
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		C 310,051
		19	Distributions
12	Section 179 deduction		A 30,056,124
13	Other deductions		
		20	Other information
			A 37,060
14	Self-employment earnings (loss)		
	A 55,024,842		
	C 55,024,842		

*See attached statement for additional information.

For IRS Use Only

TEST SCENARIO 2**FORMS REQUIRED:**

1065, 4562, 4797, 8824, 1065 SCH K-1 (2), Form 8453-PE

ATTACHMENTS:

Self-Charged Interest Election

Section 195 Election

Itemized Other Deductions Statement

BINARY ATTACHMENTS: Scanned Form 8453-PE**HEADER INFO****Tax Period:** Calendar Year 2007

Preparer Firm Electronic Tax Filers, Inc 69-0000098
1065 Efile Drive
Anytown, NV 89501

MultipleSoftwarePackagesUsed: Yes or No

Originator: EFIN: Self-select
Type: ERO
PractitionerPIN: None
PIN Entered by – N/A

Signature Option: Binary Attachment 8453-PE Signature Document**Return Type: Form 1065**

Filer: EIN: 69-0000002
Name: Jennings Boats LLC
Name Control: JENN
Address: Rt 1 Box 843
Bar Harbor, ME 04609

Partner: Name: Daniel Jennings
Title: Chief Executive Officer
Taxpayer PIN:
Phone: 555-555-0000
Email Address: Anymail@email.com
Date Signed: 04/15/2008

Preparer: Name: Paul Jennings
SSN: 000-10-0002
Phone: 555-555-5555
Email Address: Anymail@email.com
Date Prepared: 04/15/2008
Self Employed: No

IRS PAYMENT: N/A

Details for attachments**Self-Charged Interest Election** (Form 1065)

Name of Partnership	Address	EIN	Regulation Section 1.469-7(g) Declaration
Jennings Boats	Rt 1 Box 843 Bar Harbor, ME 04609	69-0000002	Yes

Section 195 Election (Form 1065)

Description of Trade or Business	Number of Months Expenditure Amortized	Description of Start-Up Expenditure	Date Trade or Business Began
Boats Sales and Services	Sixty (60)	Pre-organization Costs	01/01/2007

Itemized Other Deductions Statement (Form 1065, Page 1, Line 20)

Amortization	1,200
Professional Fees	225,000
Insurance	84,022

Form **1065**
Department of the Treasury
Internal Revenue Service (77)

U.S. Return of Partnership Income
For calendar year 2007, or tax year beginning , 2007, ending , 20 .
▶ See separate instructions.

OMB No. 1545-0099
2007

A Principal business activity Boat Sales	Use the IRS label. Otherwise, print or type.	Name of partnership Jennings Boat, LLC	D Employer identification number 69 0000002
B Principal product or service Sales and Services		Number, street, and room or suite no. If a P.O. box, see the instructions. Rt 1 Box 843	E Date business started 01/01/2007
C Business code number 441222		City or town, state, and ZIP code Bar Harbor, ME 04609	F Total assets (see the instructions) \$ 2,749,483

G Check applicable boxes: (1) ☒ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change (5) ☐ Amended return
H Check accounting method: (1) ☐ Cash (2) ☒ Accrual (3) ☐ Other (specify) ▶
I Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ▶ **2**
J Check if Schedule M-3 required (attach Schedule M-3) ☐

Caution. Include **only** trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

Income	1a Gross receipts or sales	1a	4,212,980			
	b Less returns and allowances	1b	350,000		1c	3,862,980
	2 Cost of goods sold (Schedule A, line 8)				2	3,508,023
	3 Gross profit. Subtract line 2 from line 1c				3	354,957
	4 Ordinary income (loss) from other partnerships, estates, and trusts (attach statement).				4	
	5 Net farm profit (loss) (attach Schedule F (Form 1040))				5	
	6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)				6	9,000
	7 Other income (loss) (attach statement)				7	
Deductions (see the instructions for limitations)	8 Total income (loss). Combine lines 3 through 7				8	363,957
	9 Salaries and wages (other than to partners) (less employment credits)				9	150,000
	10 Guaranteed payments to partners				10	110,000
	11 Repairs and maintenance				11	5,562
	12 Bad debts				12	
	13 Rent				13	265,740
	14 Taxes and licenses				14	33,450
	15 Interest				15	95,362
	16a Depreciation (if required, attach Form 4562)	16a	100,976			
	b Less depreciation reported on Schedule A and elsewhere on return	16b			16c	100,976
	17 Depletion (Do not deduct oil and gas depletion.)				17	
	18 Retirement plans, etc.				18	
	19 Employee benefit programs				19	1,250
	20 Other deductions (attach statement)				20	310,222
	21 Total deductions. Add the amounts shown in the far right column for lines 9 through 20				21	1,072,562
	22 Ordinary business income (loss). Subtract line 21 from line 8				22	(708,605)

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.

▶ Signature of general partner or limited liability company member manager ▶ Date **04/15/2008**

May the IRS discuss this return with the preparer shown below (see instructions)? ☐ Yes ☐ No

Paid Preparer's Use Only

Preparer's signature Date **04/15/2008** Check if self-employed ☐ Preparer's SSN or PTIN **000-10-0002**

Firm's name (or yours if self-employed), address, and ZIP code ▶ **ELECTRONIC TAX FILERS INC** EIN ▶ **69 0000098**
1065 EFILE DR. ANYTOWN, NV 89501 Phone no. (**555**) **555-5555**

Schedule A Cost of Goods Sold (see the instructions)

1	Inventory at beginning of year	1		
2	Purchases less cost of items withdrawn for personal use	2	5,602,453	
3	Cost of labor	3		
4	Additional section 263A costs (attach statement)	4		
5	Other costs (attach statement)	5	131,245	
6	Total. Add lines 1 through 5	6	5,733,698	
7	Inventory at end of year	7	2,225,675	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	3,508,023	

9a Check all methods used for valuing closing inventory:

(i) ☒ Cost as described in Regulations section 1.471-3

(ii) ☐ Lower of cost or market as described in Regulations section 1.471-4

(iii) ☐ Other (specify method used and attach explanation) ▶

b Check this box if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) . . . ▶ ☐

c Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶ ☐

d Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership? . . ☐ Yes ☒ No

e Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☒ No

If "Yes," attach explanation.

Schedule B Other Information

1	What type of entity is filing this return? Check the applicable box:	Yes	No
a	<input type="checkbox"/> Domestic general partnership		
b	<input type="checkbox"/> Domestic limited partnership		
c	<input checked="" type="checkbox"/> Domestic limited liability company		
d	<input type="checkbox"/> Domestic limited liability partnership		
e	<input type="checkbox"/> Foreign partnership		
f	<input type="checkbox"/> Other ▶		
2	Are any partners in this partnership also partnerships?		<input checked="" type="checkbox"/>
3	During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign entity that was disregarded as an entity separate from its owner under Regulations section 301.7701-2 and 301.7701-3? If "Yes," see instructions for required attachment		<input checked="" type="checkbox"/>
4	Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details		<input checked="" type="checkbox"/>
5	Does this partnership meet all three of the following requirements?		
a	The partnership's total receipts for the tax year were less than \$250,000;		
b	The partnership's total assets at the end of the tax year were less than \$600,000; and		
c	Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return		<input checked="" type="checkbox"/>
	If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item N on Schedule K-1.		
6	Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805 and 8813. See the instructions		<input checked="" type="checkbox"/>
7	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		<input checked="" type="checkbox"/>
8	Has this partnership filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?		<input checked="" type="checkbox"/>
9	At any time during calendar year 2007, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country. ▶		<input checked="" type="checkbox"/>
10	During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520. See the instructions		<input checked="" type="checkbox"/>
11	Was there a distribution of property or a transfer (for example, by sale or death) of a partnership interest during the tax year? If "Yes," you may elect to adjust the basis of the partnership's assets under section 754 by attaching the statement described under Elections Made By the Partnership in the instructions		<input checked="" type="checkbox"/>
12	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return ▶		

Designation of Tax Matters Partner (see the instructions)

Enter below the general partner designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP ▶	Identifying number of TMP ▶
Address of designated TMP ▶	

Schedule K		Partners' Distributive Share Items		Total amount	
Income (Loss)	1	Ordinary business income (loss) (page 1, line 22)		1	(708,605)
	2	Net rental real estate income (loss) (attach Form 8825)		2	
	3a	Other gross rental income (loss)	3a		
	b	Expenses from other rental activities (attach statement)	3b		
	c	Other net rental income (loss). Subtract line 3b from line 3a		3c	
	4	Guaranteed payments		4	110,000
	5	Interest income		5	250
	6	Dividends: a Ordinary dividends		6a	
	b	Qualified dividends	6b		
	7	Royalties		7	
	8	Net short-term capital gain (loss) (attach Schedule D (Form 1065))		8	
Deductions	9a	Net long-term capital gain (loss) (attach Schedule D (Form 1065))		9a	
	b	Collectibles (28%) gain (loss)	9b		
	c	Unrecaptured section 1250 gain (attach statement)	9c		
	10	Net section 1231 gain (loss) (attach Form 4797)		10	
	11	Other income (loss) (see instructions) Type ▶		11	
Self-Employment	12	Section 179 deduction (attach Form 4562)		12	
	13a	Contributions		13a	
	b	Investment interest expense		13b	
	c	Section 59(e)(2) expenditures: (1) Type ▶ (2) Amount ▶		13c(2)	
Credits	d	Other deductions (see instructions) Type ▶		13d	
	14a	Net earnings (loss) from self-employment		14a	(248,803)
	b	Gross farming or fishing income		14b	
	c	Gross nonfarm income		14c	(248,803)
	15a	Low-income housing credit (section 42(j)(5))		15a	
	b	Low-income housing credit (other)		15b	
Foreign Transactions	c	Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)		15c	
	d	Other rental real estate credits (see instructions) Type ▶		15d	
	e	Other rental credits (see instructions) Type ▶		15e	
	f	Other credits (see instructions) Type ▶		15f	
	16a	Name of country or U.S. possession ▶			
	b	Gross income from all sources		16b	
	c	Gross income sourced at partner level		16c	
	d	Passive category ▶ e General category ▶ f Other ▶		16f	
	g	Interest expense ▶ h Other ▶		16h	
	i	Passive category ▶ j General category ▶ k Other ▶		16k	
Alternative Minimum Tax (AMT) Items	l	Total foreign taxes (check one): ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/>		16l	
	m	Reduction in taxes available for credit (attach statement)		16m	
	n	Other foreign tax information (attach statement)			
	17a	Post-1986 depreciation adjustment		17a	
	b	Adjusted gain or loss		17b	
	c	Depletion (other than oil and gas)		17c	
	d	Oil, gas, and geothermal properties—gross income		17d	
Other Information	e	Oil, gas, and geothermal properties—deductions		17e	
	f	Other AMT items (attach statement)		17f	
	18a	Tax-exempt interest income		18a	
	b	Other tax-exempt income		18b	
	c	Nondeductible expenses		18c	600
	19a	Distributions of cash and marketable securities		19a	
	b	Distributions of other property		19b	
Other Information	20a	Investment income		20a	250
	b	Investment expenses		20b	
	c	Other items and amounts (attach statement)			

Analysis of Net Income (Loss)

1	Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16l					1	(598,355)
2	Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other
a	General partners		(244,178)				
b	Limited partners		(244,178)				

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash				75,500
2a	Trade notes and accounts receivable			42,555	
b	Less allowance for bad debts				42,555
3	Inventories				2,225,675
4	U.S. government obligations				
5	Tax-exempt securities				
6	Other current assets (attach statement)				
7	Mortgage and real estate loans				
8	Other investments (attach statement)				
9a	Buildings and other depreciable assets			501,229	
b	Less accumulated depreciation			100,976	400,253
10a	Depletable assets				
b	Less accumulated depletion				
11	Land (net of any amortization)				
12a	Intangible assets (amortizable only)			6,000	
b	Less accumulated amortization			500	5,500
13	Other assets (attach statement)				
14	Total assets				2,749,483
Liabilities and Capital					
15	Accounts payable				496,442
16	Mortgages, notes, bonds payable in less than 1 year				
17	Other current liabilities (attach statement)				345,622
18	All nonrecourse loans				
19	Mortgages, notes, bonds payable in 1 year or more				
20	Other liabilities (attach statement)				
21	Partners' capital accounts				(468,450)
22	Total liabilities and capital				2,749,483

Schedule M-1		Reconciliation of Income (Loss) per Books With Income (Loss) per Return		
Note. Schedule M-3 may be required instead of Schedule M-1 (see instructions).				
1	Net income (loss) per books	(518,450)	6	Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):
2	Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		a	Tax-exempt interest \$
3	Guaranteed payments (other than health insurance)		7	Deductions included on Schedule K, lines 1 through 13d, and 16l, not charged against book income this year (itemize):
4	Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16l (itemize):		a	Depreciation \$80,505
a	Depreciation \$			80,505
b	Travel and entertainment \$600			80,505
		600	8	Add lines 6 and 7
5	Add lines 1 through 4	(517,850)	9	Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5
				(598,355)

Schedule M-2		Analysis of Partners' Capital Accounts		
1	Balance at beginning of year		6	Distributions: a Cash
2	Capital contributed: a Cash	50,000		b Property
	b Property		7	Other decreases (itemize):
3	Net income (loss) per books	(518,450)		.....
4	Other increases (itemize):		8	Add lines 6 and 7
	.....		9	Balance at end of year. Subtract line 8 from line 5
5	Add lines 1 through 4	(468,450)		(468,450)

Form **4562**
Department of the Treasury
Internal Revenue Service

Depreciation and Amortization
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

OMB No. 1545-0172
2007
Attachment
Sequence No. **67**

Name(s) shown on return
Jennings Boat, LLC

Business or activity to which this form relates
Boat Sales

Identifying number
69-0000002

Part I Election To Expense Certain Property Under Section 179
Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	\$125,000
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	\$500,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
(a) Description of property		(b) Cost (business use only)	(c) Elected cost
6			
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8.	9	
10	Carryover of disallowed deduction from line 13 of your 2006 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2008. Add lines 9 and 10, less line 12 ▶	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) and cellulosic biomass ethanol plant property placed in service during the tax year (see instructions)	14	73,487
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2007	17	
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ <input type="checkbox"/>		

Section B—Assets Placed in Service During 2007 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property		22,444	3	HY	200 DB	7,481
b 5-year property		1,500	5	HY	200 DB	300
c 7-year property		26,555	7	HY	200 DB	3,795
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	
		425,600	39	MM	S/L	10,913

Section C—Assets Placed in Service During 2007 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (see instructions)

21	Listed property. Enter amount from line 28	21	5,000
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instr.	22	100,976
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V

Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)
Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? ☐ Yes ☐ No 24b If "Yes," is the evidence written? ☐ Yes ☐ No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions).						25		
26 Property used more than 50% in a qualified business use:								
2007 Pilot	07/22/2007	100 %	25,000	25,000	5	200 DB-HY	5,000	
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L –		
		%				S/L –		
		%				S/L –		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1.						28	5,000	
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1.							29	

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1	(b) Vehicle 2	(c) Vehicle 3	(d) Vehicle 4	(e) Vehicle 5	(f) Vehicle 6
30 Total business/investment miles driven during the year (do not include commuting miles)						
31 Total commuting miles driven during the year						
32 Total other personal (noncommuting) miles driven						
33 Total miles driven during the year. Add lines 30 through 32						
	Yes	No	Yes	No	Yes	No
34 Was the vehicle available for personal use during off-duty hours?						
35 Was the vehicle used primarily by a more than 5% owner or related person?						
36 Is another vehicle available for personal use?						

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		
Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.		

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2007 tax year (see instructions):					
Start Up	01/01/2007	6,000	195	5	1,200
43 Amortization of costs that began before your 2007 tax year.				43	
44 Total. Add amounts in column (f). See the instructions for where to report.				44	1,200

Form

4797

Department of the Treasury
Internal Revenue Service (99)

Sales of Business Property

(Also Involuntary Conversions and Recapture Amounts
Under Sections 179 and 280F(b)(2))

► Attach to your tax return.► See separate instructions.

OMB No. 1545-0184

2007

Attachment
Sequence No. 27

Name(s) shown on return

Jennings Boat, LLC

Identifying number

69-0000002

1

Enter the gross proceeds from sales or exchanges reported to you for 2007 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions).

1

Part I

Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft—Most Property Held More Than 1 Year (see instructions)

(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)					
2											
3	Gain, if any, from Form 4684, line 39					3					
4	Section 1231 gain from installment sales from Form 6252, line 26 or 37					4					
5	Section 1231 gain or (loss) from like-kind exchanges from Form 8824					5					
6	Gain, if any, from line 32, from other than casualty or theft					6					
7	Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows:					7					
Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.											
Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.											
8	Nonrecaptured net section 1231 losses from prior years (see instructions)					8					
9	Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions).					9					

Part II

Ordinary Gains and Losses (see instructions)

10

Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

11

Loss, if any, from line 7

11 ()

12

Gain, if any, from line 7 or amount from line 8, if applicable

12

13

Gain, if any, from line 31

13

14

Net gain or (loss) from Form 4684, lines 31 and 38

14

15

Ordinary gain from installment sales from Form 6252, line 25 or 36

15

16

Ordinary gain or (loss) from like-kind exchanges from Form 8824

16 9,000

17

Combine lines 10 through 16

17 9,000

18

For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:

a

If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a." See instructions

18a

b

Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14

18b

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 13086I

Form 4797 (2007)

Part III

Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255
(see instructions)

19	(a) Description of section 1245, 1250, 1252, 1254, or 1255 property:	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)		
	A				
	B				
	C				
	D				
These columns relate to the properties on lines 19A through 19D. ►		Property A	Property B	Property C	Property D
20	Gross sales price (Note: See line 1 before completing.)	20			
21	Cost or other basis plus expense of sale	21			
22	Depreciation (or depletion) allowed or allowable	22			
23	Adjusted basis. Subtract line 22 from line 21	23			
24	Total gain. Subtract line 23 from line 20	24			
25	If section 1245 property:				
	a Depreciation allowed or allowable from line 22	25a			
	b Enter the smaller of line 24 or 25a	25b			
26	If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.				
	a Additional depreciation after 1975 (see instructions)	26a			
	b Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions)	26b			
	c Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e	26c			
	d Additional depreciation after 1969 and before 1976	26d			
	e Enter the smaller of line 26c or 26d	26e			
	f Section 291 amount (corporations only)	26f			
	g Add lines 26b, 26e, and 26f	26g			
27	If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).				
	a Soil, water, and land clearing expenses	27a			
	b Line 27a multiplied by applicable percentage (see instructions)	27b			
	c Enter the smaller of line 24 or 27b	27c			
28	If section 1254 property:				
	a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions)	28a			
	b Enter the smaller of line 24 or 28a	28b			
29	If section 1255 property:				
	a Applicable percentage of payments excluded from income under section 126 (see instructions)	29a			
	b Enter the smaller of line 24 or 29a (see instructions)	29b			

Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30.

30	Total gains for all properties. Add property columns A through D, line 24	30	
31	Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31	
32	Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6	32	

Part IV

Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less
(see instructions)

		(a) Section 179	(b) Section 280F(b)(2)
33	Section 179 expense deduction or depreciation allowable in prior years	33	
34	Recomputed depreciation (see instructions)	34	
35	Recapture amount. Subtract line 34 from line 33. See the instructions for where to report	35	

Form

8824

Department of the Treasury
Internal Revenue Service

Like-Kind Exchanges

(and section 1043 conflict-of-interest sales)

▶ Attach to your tax return.

OMB No. 1545-1190

2007

Attachment
Sequence No. 109

Name(s) shown on tax return

Jennings Boat, LLC

Identifying number

69-0000002

Part I Information on the Like-Kind Exchange

Note: If the property described on line 1 or line 2 is real or personal property located outside the United States, indicate the country.

1

Description of like-kind property given up ▶ 1999 Saturn SL2

2

Description of like-kind property received ▶ 2007 Pilot

3

Date like-kind property given up was originally acquired (month, day, year)

3

01 / 21 / 2007

4

Date you actually transferred your property to other party (month, day, year)

4

07 / 22 / 2007

5

Date like-kind property you received was identified by written notice to another party (month, day, year). See instructions for 45-day written notice requirement

5

07 / 22 / 2007

6

Date you actually received the like-kind property from other party (month, day, year). See instructions

6

07 / 22 / 2007

7

Was the exchange of the property given up or received made with a related party, either directly or indirectly (such as through an intermediary)? See instructions. If "Yes," complete Part II. If "No," go to Part III

☐ Yes ☒ No

Part II Related Party Exchange Information

8

Name of related party

Relationship to you

Related party's identifying number

Address (no., street, and apt., room, or suite no., city or town, state, and ZIP code)

9

During this tax year (and before the date that is 2 years after the last transfer of property that was part of the exchange), did the related party directly or indirectly (such as through an intermediary) sell or dispose of any part of the like-kind property received from you in the exchange?

☐ Yes ☐ No

10

During this tax year (and before the date that is 2 years after the last transfer of property that was part of the exchange), did you sell or dispose of any part of the like-kind property you received?

☐ Yes ☐ No

If both lines 9 and 10 are "No" and this is the year of the exchange, go to Part III. If both lines 9 and 10 are "No" and this is **not** the year of the exchange, stop here. If either line 9 or line 10 is "Yes," complete Part III and report on this year's tax return the deferred gain or (loss) from line 24 **unless** one of the exceptions on line 11 applies.

11

If one of the exceptions below applies to the disposition, check the applicable box:

a

☐ The disposition was after the death of either of the related parties.

b

☐ The disposition was an involuntary conversion, and the threat of conversion occurred after the exchange.

c

☐ You can establish to the satisfaction of the IRS that neither the exchange nor the disposition had tax avoidance as its principal purpose. If this box is checked, attach an explanation (see instructions).

Part III Realized Gain or (Loss), Recognized Gain, and Basis of Like-Kind Property Received

Caution: If you transferred and received (a) more than one group of like-kind properties or (b) cash or other (not like-kind) property, see Reporting of multi-asset exchanges in the instructions.

Note: Complete lines 12 through 14 only if you gave up property that was not like-kind. Otherwise, go to line 15.

12	Fair market value (FMV) of other property given up	12			
13	Adjusted basis of other property given up	13			
14	Gain or (loss) recognized on other property given up. Subtract line 13 from line 12. Report the gain or (loss) in the same manner as if the exchange had been a sale	14			
	Caution: If the property given up was used previously or partly as a home, see Property used as home in the instructions.				
15	Cash received, FMV of other property received, plus net liabilities assumed by other party, reduced (but not below zero) by any exchange expenses you incurred (see instructions)	15		9,000	
16	FMV of like-kind property you received	16		30,000	
17	Add lines 15 and 16	17		39,000	
18	Adjusted basis of like-kind property you gave up, net amounts paid to other party, plus any exchange expenses not used on line 15 (see instructions)	18		25,000	
19	Realized gain or (loss). Subtract line 18 from line 17	19		14,000	
20	Enter the smaller of line 15 or line 19, but not less than zero	20		9,000	
21	Ordinary income under recapture rules. Enter here and on Form 4797, line 16 (see instructions)	21		9,000	
22	Subtract line 21 from line 20. If zero or less, enter -0-. If more than zero, enter here and on Schedule D or Form 4797, unless the installment method applies (see instructions)	22			
23	Recognized gain. Add lines 21 and 22	23		9,000	
24	Deferred gain or (loss). Subtract line 23 from line 19. If a related party exchange, see instructions	24		5,000	
25	Basis of like-kind property received. Subtract line 15 from the sum of lines 18 and 23	25		25,000	

Part IV Deferral of Gain From Section 1043 Conflict-of-Interest Sales

Note: This part is to be used only by officers or employees of the executive branch of the Federal Government or judicial officers of the Federal Government for reporting nonrecognition of gain under section 1043 on the sale of property to comply with the conflict-of-interest requirements. This part can be used only if the cost of the replacement property is more than the basis of the divested property.

26	Enter the number from the upper right corner of your certificate of divestiture. (Do not attach a copy of your certificate. Keep the certificate with your records.)				
27	Description of divested property ►				
28	Description of replacement property ►				
29	Date divested property was sold (month, day, year)	29		/	/
30	Sales price of divested property (see instructions)	30			
31	Basis of divested property	31			
32	Realized gain. Subtract line 31 from line 30	32			
33	Cost of replacement property purchased within 60 days after date of sale	33			
34	Subtract line 33 from line 30. If zero or less, enter -0-	34			
35	Ordinary income under recapture rules. Enter here and on Form 4797, line 10 (see instructions)	35			
36	Subtract line 35 from line 34. If zero or less, enter -0-. If more than zero, enter here and on Schedule D or Form 4797 (see instructions)	36			
37	Deferred gain. Subtract the sum of lines 35 and 36 from line 32	37			
38	Basis of replacement property. Subtract line 37 from line 33	38			

651106

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Schedule K-1
(Form 1065)

2007

Department of the Treasury
Internal Revenue Service

For calendar year 2007, or tax
year beginning _____, 2007
ending _____, 20____

Partner's Share of Income, Deductions,
Credits, etc. ▶ See back of form and separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number
69-0000002

B Partnership's name, address, city, state, and ZIP code
Jennings Boat, LLC
Rt 1 Box 843
Bar Harbor, ME 04609

C IRS Center where partnership filed return
Ogden

D ☐ Check if this is a publicly traded partnership (PTP)

E ☐ Tax shelter registration number, if any _____

F ☐ Check if Form 8271 is attached

Part II Information About the Partner

G Partner's identifying number
000-10-0001

H Partner's name, address, city, state, and ZIP code
James Stephens
4640 Madison Lane
Boston, MA 02109

I ☐ General partner or LLC member-manager ☒ Limited partner or other LLC member

J ☒ Domestic partner ☐ Foreign partner

K What type of entity is this partner? Individual

L Partner's share of profit, loss, and capital:

	Beginning		Ending
Profit	0 %		50 %
Loss	0 %		50 %
Capital	0 %		50 %

M Partner's share of liabilities at year end:

Nonrecourse	.\$
Qualified nonrecourse financing	.\$
Recourse	.\$

N Partner's capital account analysis:

Beginning capital account	.\$
Capital contributed during the year	25,000
Current year increase (decrease)	(259,225)
Withdrawals & distributions	.\$ ()
Ending capital account	(234,225)

☒ Tax basis ☐ GAAP ☐ Section 704(b) book
☐ Other (explain)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss)	15	Credits
	(354,302)		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
	125		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		C 300
		19	Distributions
12	Section 179 deduction		
13	Other deductions		
		20	Other information
			A 125
14	Self-employment earnings (loss)		
*See attached statement for additional information.			
For IRS Use Only			

For Privacy Act and Paperwork Reduction Act Notice, see Instructions for Form 1065.

Cat. No. 11394R

Schedule K-1 (Form 1065) 2007

Page 51 of 194

651106

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Schedule K-1
(Form 1065)

2007

Department of the Treasury
Internal Revenue Service

For calendar year 2007, or tax
year beginning _____, 2007
ending _____, 20____

Partner's Share of Income, Deductions,
Credits, etc.

► See back of form and separate instructions.

Part I

Information About the Partnership

A

Partnership's employer identification number

69-0000002

B

Partnership's name, address, city, state, and ZIP code

Jennings Boat, LLC
Rt 1 Box 843
Bar Harbor, ME 04609

C

IRS Center where partnership filed return

Ogden

D

☐ Check if this is a publicly traded partnership (PTP)

E

☐ Tax shelter registration number, if any _____

F

☐ Check if Form 8271 is attached

Part II

Information About the Partner

G

Partner's identifying number

000-10-0001

H

Partner's name, address, city, state, and ZIP code

Daniel Jennings
PO Box 1589
Bar Harbor, ME 04609

I

☒ General partner or LLC member-manager ☐ Limited partner or other LLC member

J

☒ Domestic partner ☐ Foreign partner

K

What type of entity is this partner? Individual

L

Partner's share of profit, loss, and capital:

	Beginning		Ending
Profit	0 %		50 %
Loss	0 %		50 %
Capital	0 %		50 %

M

Partner's share of liabilities at year end:

Nonrecourse	. . . . .	.\$ _____
Qualified nonrecourse financing	. . . . .	.\$ _____
Recourse	. . . . .	.\$ 2,375,869

N

Partner's capital account analysis:

Beginning capital account	. . . . .	.\$ _____
Capital contributed during the year	. . . . .	.\$ 25,000
Current year increase (decrease)	. . . . .	.\$ (259,225)
Withdrawals & distributions	. . . . .	.\$ ( _____ )
Ending capital account	. . . . .	.\$ (234,225)

☒ Tax basis ☐ GAAP ☐ Section 704(b) book

☐ Other (explain)

Part III

Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss)	15	Credits
	(354,303)		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
	110,000		
5	Interest income		
	125		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		C 300
		19	Distributions
12	Section 179 deduction		
13	Other deductions		
		20	Other information
			A 125
14	Self-employment earnings (loss)		
	A (248,803)		
	C (248,803)		

*See attached statement for additional information.

For IRS Use Only

TEST SCENARIO 3**FORMS REQUIRED:**

1065, 4562, Form 1065 SCH K-1 (3), Schedule M-3 (Form 1065)
8865, Schedule O (Form 8865), Schedule P (Form 8865)

ATTACHMENTS:

Ordinary Income (Loss) From Other Partnerships, Estates, and Trusts Statement
Other Income (Loss) Statement
Itemized Other Deductions Statement
Ownership of Any Interest in Another Partnership or Foreign Entity Statement
Publicly Traded Partnership Statement
Section 754 Election
Income (Loss) From Foreign Partnerships Schedule

BINARY ATTACHMENTS: None

HEADER INFO

Tax Period: Calendar Year 2007

Preparer Firm: Electronic Tax Filers, Inc 69-0000098
123 Any Street
Anytown, NY 11717

MultipleSoftwarePackagesUsed: Yes or No

Originator: EFIN: Self-select
Type: ERO
PractitionerPIN:
EFIN: Self-select
PIN: Self-select
PIN Entered by – ERO

Signature Option: PIN Number

Return Type: 1065

Filer: EIN: 69-0000003
Name: Carlton Asset Management L P
Name Control: CARL
Address: 1678 South Hoover Blvd
San Francisco, CA 94101

Partner: Name: T Carlton
Title: President
Taxpayer PIN:
Phone: 555-555-5555
Email Address: Anymail@email.com
Date Signed: 03/15/2008

Preparer: Name: John Smith
SSN: 000-20-0001
Phone: 631-555-1212
Email Address: Anymail@email.com
Date Prepared: 03/14/2008
Self Employed: No

IRS Payment: N/A

Details for attachments to Form
Ordinary Income (Loss) From Other Partnerships, Estates, and Trusts Statement (Form 1065, Line 4)

Partnership, Estate or Trusts Name	Address	EIN	Amount
Mai Tai Investments	1-2-3 Ginsu Chuo-Ku Tokyo, 190-2182	69-0000099	\$10,229,525

Other Income (Loss) Statement (Form 1065, Page 1, Line 7)

Cancellation of Debt	\$540,000
Services Fees	\$399,880,252

Itemized Other Deductions Statement (Form 1065, Page 1, Line 20)

Legal and Accounting	\$216,572
Bank Fees	\$142,080
Travel and Entertainment	\$40,000

Publicly Traded Partnership (Form 1065)

3.5% Publicly Traded Partnership Tax	Overpayment	Balance Due	Zero Liability	Data Stream for Computation
\$14,372,742	0	0	0	Total Income multiplied by 3.5%

Ownership of Any Interest in Another Partnership or Foreign Entity Statement (Form 1065, Schedule B, Question 3)

Type of Entity	Entity Name	EIN	Country
Partnership	Mai Tai Partnership	69-0000099	Japan

Section 754 Election (Form 1065, Page 2, Schedule B, Line 11)

Name of Partnership	Carlton Asset Management L P
Partnership Address	1678 South Hoover Blvd San Francisco, CA 94101
Section 754 Declaration	Made a section 754 declaration

Income (loss) From Foreign Partnerships Schedule (Form 1065, Schedule M-3, Part II, Line 8)

Name	EIN	EOY Profit Sharing Percentage	EOY Loss Sharing Percentage	Income per Income Statement	Amount
Mai Tai Investments	69-0000099	25%	25%	\$10,229,525	\$10,229,525

Form **1065**
Department of the Treasury
Internal Revenue Service (77)

U.S. Return of Partnership Income
For calendar year 2007, or tax year beginning , 2007, ending , 20 .
▶ See separate instructions.

OMB No. 1545-0099
2007

A Principal business activity Management	Use the IRS label. Otherwise, print or type.	Name of partnership Carlton Asset Managment, LP	D Employer identification number 69 0000003
B Principal product or service Financial Invest		Number, street, and room or suite no. If a P.O. box, see the instructions. 1678 South Hoover Blvd	E Date business started 10/23/1998
C Business code number 523900		City or town, state, and ZIP code San Francisco, CA 94101	F Total assets (see the instructions) \$ 6,725,256

G Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change (5) ☐ Amended return
H Check accounting method: (1) ☐ Cash (2) ☐ Accrual (3) ☐ Other (specify) ▶
I Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ▶
J Check if Schedule M-3 required (attach Schedule M-3) ☒

Caution. Include **only** trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

Income	1a Gross receipts or sales	1a				
	b Less returns and allowances	1b			1c	
	2 Cost of goods sold (Schedule A, line 8)				2	
	3 Gross profit. Subtract line 2 from line 1c				3	
	4 Ordinary income (loss) from other partnerships, estates, and trusts (attach statement).				4	10,229,525
	5 Net farm profit (loss) (attach Schedule F (Form 1040))				5	
	6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)				6	
	7 Other income (loss) (attach statement)				7	400,420,252
Deductions (see the instructions for limitations)	8 Total income (loss). Combine lines 3 through 7				8	410,649,777
	9 Salaries and wages (other than to partners) (less employment credits)				9	1,179,658
	10 Guaranteed payments to partners				10	561,900
	11 Repairs and maintenance				11	8,610
	12 Bad debts				12	
	13 Rent				13	729,654
	14 Taxes and licenses				14	871,972
	15 Interest				15	
	16a Depreciation (if required, attach Form 4562)	16a	62,765			
	b Less depreciation reported on Schedule A and elsewhere on return	16b			16c	62,765
	17 Depletion (Do not deduct oil and gas depletion.)				17	
	18 Retirement plans, etc.				18	345,678
	19 Employee benefit programs				19	
	20 Other deductions (attach statement)				20	398,652
	21 Total deductions. Add the amounts shown in the far right column for lines 9 through 20				21	4,158,889
	22 Ordinary business income (loss). Subtract line 21 from line 8				22	406,490,888

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.

▶ Signature of general partner or limited liability company member manager ▶ Date

May the IRS discuss this return with the preparer shown below (see instructions)? ☐ Yes ☐ No

Paid Preparer's Use Only

Preparer's signature Date Check if self-employed ☐ Preparer's SSN or PTIN

Firm's name (or yours if self-employed), address, and ZIP code ▶ EIN ▶ Phone no. ()

Schedule A Cost of Goods Sold (see the instructions)

1	Inventory at beginning of year	1		
2	Purchases less cost of items withdrawn for personal use	2		
3	Cost of labor	3		
4	Additional section 263A costs (attach statement)	4		
5	Other costs (attach statement)	5		
6	Total. Add lines 1 through 5	6		
7	Inventory at end of year	7		
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8		

9a Check all methods used for valuing closing inventory:

(i) ☐ Cost as described in Regulations section 1.471-3

(ii) ☐ Lower of cost or market as described in Regulations section 1.471-4

(iii) ☐ Other (specify method used and attach explanation) ▶

b Check this box if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) . . ▶ ☐

c Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶ ☐

d Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership? . . ☐ Yes ☐ No

e Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☐ No

If "Yes," attach explanation.

Schedule B Other Information

1	What type of entity is filing this return? Check the applicable box:	Yes	No
a	<input type="checkbox"/> Domestic general partnership		
b	<input checked="" type="checkbox"/> Domestic limited partnership		
c	<input type="checkbox"/> Domestic limited liability company		
d	<input type="checkbox"/> Domestic limited liability partnership		
e	<input type="checkbox"/> Foreign partnership		
f	<input type="checkbox"/> Other ▶		
2	Are any partners in this partnership also partnerships?	<input checked="" type="checkbox"/>	
3	During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign entity that was disregarded as an entity separate from its owner under Regulations section 301.7701-2 and 301.7701-3? If "Yes," see instructions for required attachment	<input checked="" type="checkbox"/>	
4	Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details		<input checked="" type="checkbox"/>
5	Does this partnership meet all three of the following requirements?		
a	The partnership's total receipts for the tax year were less than \$250,000;		
b	The partnership's total assets at the end of the tax year were less than \$600,000; and		
c	Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return		<input checked="" type="checkbox"/>
	If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item N on Schedule K-1.		
6	Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805 and 8813. See the instructions		<input checked="" type="checkbox"/>
7	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?	<input checked="" type="checkbox"/>	
8	Has this partnership filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?		<input checked="" type="checkbox"/>
9	At any time during calendar year 2007, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country. ▶		<input checked="" type="checkbox"/>
10	During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520. See the instructions		<input checked="" type="checkbox"/>
11	Was there a distribution of property or a transfer (for example, by sale or death) of a partnership interest during the tax year? If "Yes," you may elect to adjust the basis of the partnership's assets under section 754 by attaching the statement described under Elections Made By the Partnership in the instructions	<input checked="" type="checkbox"/>	
12	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return ▶ 1		

Designation of Tax Matters Partner (see the instructions)

Enter below the general partner designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP ▶	Identifying number of TMP ▶
Address of designated TMP ▶	

Schedule K		Partners' Distributive Share Items	Total amount	
Income (Loss)	1	Ordinary business income (loss) (page 1, line 22)	1	406,490,888
	2	Net rental real estate income (loss) (attach Form 8825)	2	
	3a	Other gross rental income (loss)	3a	
	3b	Expenses from other rental activities (attach statement)	3b	
	3c	Other net rental income (loss). Subtract line 3b from line 3a	3c	
	4	Guaranteed payments	4	561,900
	5	Interest income	5	36,525
	6a	Dividends: a Ordinary dividends	6a	
	6b	b Qualified dividends	6b	
	7	Royalties	7	
	8	Net short-term capital gain (loss) (attach Schedule D (Form 1065))	8	
9a	Net long-term capital gain (loss) (attach Schedule D (Form 1065))	9a		
	b Collectibles (28%) gain (loss)	9b		
	c Unrecaptured section 1250 gain (attach statement)	9c		
10	Net section 1231 gain (loss) (attach Form 4797)	10		
11	Other income (loss) (see instructions) Type ▶	11		
Deductions	12	Section 179 deduction (attach Form 4562)	12	43,332
	13a	Contributions	13a	
	13b	Investment interest expense	13b	
	13c(2)	c Section 59(e)(2) expenditures: (1) Type ▶ (2) Amount ▶	13c(2)	
Self-Employment	14a	Net earnings (loss) from self-employment	14a	41,210,989
	14b	Gross farming or fishing income	14b	
	14c	Gross nonfarm income	14c	41,210,989
Credits	15a	Low-income housing credit (section 42(j)(5))	15a	
	15b	Low-income housing credit (other)	15b	
	15c	Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	15c	
	15d	d Other rental real estate credits (see instructions) Type ▶	15d	
	15e	e Other rental credits (see instructions) Type ▶	15e	
	15f	f Other credits (see instructions) Type ▶	15f	
Foreign Transactions	16a	Name of country or U.S. possession ▶ JA		
	16b	Gross income from all sources	16b	10,229,525
	16c	Gross income sourced at partner level	16c	
		Foreign gross income sourced at partnership level		
	16d	d Passive category ▶ 10,229,525 e General category ▶ f Other ▶	16d	
	16e	Deductions allocated and apportioned at partner level		
	16f	f Interest expense ▶ h Other ▶	16f	
	16g	Deductions allocated and apportioned at partnership level to foreign source income		
Alternative Minimum Tax (AMT) Items	17a	Post-1986 depreciation adjustment	17a	
	17b	Adjusted gain or loss	17b	
	17c	Depletion (other than oil and gas)	17c	
	17d	d Oil, gas, and geothermal properties—gross income	17d	
	17e	e Oil, gas, and geothermal properties—deductions	17e	
	17f	f Other AMT items (attach statement)	17f	
	Other Information	18a	Tax-exempt interest income	18a
18b		b Other tax-exempt income	18b	
18c		c Nondeductible expenses	18c	1,111
19a		Distributions of cash and marketable securities	19a	408,202,737
19b		b Distributions of other property	19b	
20a		Investment income	20a	36,525
20b		b Investment expenses	20b	
	c Other items and amounts (attach statement)			

Analysis of Net Income (Loss)

1	Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16l					1	406,413,471
2	Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other
a	General partners				41,147,057		
b	Limited partners			4,058,516	361,207,898		

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		5,232,390		6,027,450
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts				
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities				
6	Other current assets (attach statement)				
7	Mortgage and real estate loans				
8	Other investments (attach statement)				
9a	Buildings and other depreciable assets	1,621,740		1,682,950	
b	Less accumulated depreciation	1,372,379	249,361	1,435,144	247,806
10a	Depletable assets				
b	Less accumulated depletion				
11	Land (net of any amortization)				
12a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
13	Other assets (attach statement)				
14	Total assets		5,481,751		6,275,256
Liabilities and Capital					
15	Accounts payable		1,567,623		3,049,605
16	Mortgages, notes, bonds payable in less than 1 year				
17	Other current liabilities (attach statement)				
18	All nonrecourse loans				540,000
19	Mortgages, notes, bonds payable in 1 year or more				
20	Other liabilities (attach statement)				
21	Partners' capital accounts		3,914,128		2,685,651
22	Total liabilities and capital		5,481,751		6,275,256

Schedule M-1		Reconciliation of Income (Loss) per Books With Income (Loss) per Return		
Note. Schedule M-3 may be required instead of Schedule M-1 (see instructions).				
1	Net income (loss) per books		6	Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):
2	Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		a	Tax-exempt interest \$
3	Guaranteed payments (other than health insurance)		7	Deductions included on Schedule K, lines 1 through 13d, and 16l, not charged against book income this year (itemize):
4	Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16l (itemize):		a	Depreciation \$
a	Depreciation \$			
b	Travel and entertainment \$		8	Add lines 6 and 7
			9	Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5
5	Add lines 1 through 4			

Schedule M-2				Analysis of Partners' Capital Accounts			
1	Balance at beginning of year	3,914,128	6	Distributions: a Cash	408,202,737		
2	Capital contributed: a Cash			b Property			
	b Property		7	Other decreases (itemize):			
3	Net income (loss) per books	406,974,260					
4	Other increases (itemize):		8	Add lines 6 and 7	408,202,737		
5	Add lines 1 through 4	410,888,388	9	Balance at end of year. Subtract line 8 from line 5	2,685,651		

Form 4562 <small>Department of the Treasury Internal Revenue Service</small>	Depreciation and Amortization (Including Information on Listed Property) ▶ See separate instructions. ▶ Attach to your tax return.	OMB No. 1545-0172 2007 Attachment Sequence No. 67
	Name(s) shown on return Carlton Asset Management LP	Business or activity to which this form relates Carlton Asset Management LP

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	\$125,000
2	Total cost of section 179 property placed in service (see instructions)	2	43,332
3	Threshold cost of section 179 property before reduction in limitation	3	\$500,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
(a) Description of property		(b) Cost (business use only)	(c) Elected cost
6	Office Equipment	23,456	23,456
	Furniture/fixtures	19,876	19,876
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	43,332
9	Tentative deduction. Enter the smaller of line 5 or line 8.	9	43,332
10	Carryover of disallowed deduction from line 13 of your 2006 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	125,000
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	43,332
13	Carryover of disallowed deduction to 2008. Add lines 9 and 10, less line 12 ▶	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) and cellulosic biomass ethanol plant property placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	43,766

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2007	17	18,999
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ <input type="checkbox"/>		

Section B—Assets Placed in Service During 2007 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2007 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (see instructions)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instr.	22	62,765
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V

Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)
Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? ☐ Yes ☐ No

24b If "Yes," is the evidence written? ☐ Yes ☐ No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions).						25		
26 Property used more than 50% in a qualified business use:		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:		%				S/L –		
		%				S/L –		
		%				S/L –		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1.						28		
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1.							29	

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1	(b) Vehicle 2	(c) Vehicle 3	(d) Vehicle 4	(e) Vehicle 5	(f) Vehicle 6
30 Total business/investment miles driven during the year (do not include commuting miles)						
31 Total commuting miles driven during the year						
32 Total other personal (noncommuting) miles driven						
33 Total miles driven during the year. Add lines 30 through 32						
	Yes	No	Yes	No	Yes	No
34 Was the vehicle available for personal use during off-duty hours?						
35 Was the vehicle used primarily by a more than 5% owner or related person?						
36 Is another vehicle available for personal use?						

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		
Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.		

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2007 tax year (see instructions):					
43 Amortization of costs that began before your 2007 tax year.				43	
44 Total. Add amounts in column (f). See the instructions for where to report.				44	

651106

Schedule K-1
(Form 1065)

Department of the Treasury
Internal Revenue Service

2007

For calendar year 2007, or tax
year beginning _____, 2007
ending _____, 20____

Partner’s Share of Income, Deductions,
Credits, etc. ▶ See back of form and separate instructions.

Part I

Information About the Partnership

A

Partnership’s employer identification number

69-0000003

B

Partnership’s name, address, city, state, and ZIP code

Carlton Asset Management LP
1678 S Hoover Blvd
San Francisco, CA 94101

C

IRS Center where partnership filed return

Ogden

D

☒ Check if this is a publicly traded partnership (PTP)

E

☐ Tax shelter registration number, if any

F

☐ Check if Form 8271 is attached

Part II

Information About the Partner

G

Partner’s identifying number

69-3000001

H

Partner’s name, address, city, state, and ZIP code

XYZ Management
7272 W Truman Ave
Sacramento, CA 95813

I

☒ General partner or LLC member-manager

☐ Limited partner or other LLC member

J

☒ Domestic partner

☐ Foreign partner

K

What type of entity is this partner?

Partnership

L

Partner’s share of profit, loss, and capital:

	Beginning		Ending
Profit	10 %		10 %
Loss	10 %		10 %
Capital	10 %		10 %

M

Partner’s share of liabilities at year end:

Nonrecourse	54,000
Qualified nonrecourse financing	
Recourse	

N

Partner’s capital account analysis:

Beginning capital account	391,413
Capital contributed during the year	
Current year increase (decrease)	40,697,426
Withdrawals & distributions	40,820,274
Ending capital account	268,565

☐ Tax basis

☐ GAAP

☒ Section 704(b) book

☐ Other (explain)

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Part III

Partner’s Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss)	15	Credits
	40,649,089		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
			A Japan
4	Guaranteed payments		B 1,022,953
	561,900		
5	Interest income		D 1,022,953
	3,653		
6a	Ordinary dividends		L 63,251
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		C 111
		19	Distributions
12	Section 179 deduction		A 40,820,274
	4,333		
13	Other deductions	20	Other information
			A 3,653
14	Self-employment earnings (loss)		
	A 41,210,989		
	C 41,210,989		

*See attached statement for additional information.

For IRS Use Only

651106

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Schedule K-1
(Form 1065)

2007

Department of the Treasury
Internal Revenue Service

For calendar year 2007, or tax
year beginning _____, 2007
ending _____, 20____

Partner's Share of Income, Deductions,
Credits, etc.

► See back of form and separate instructions.

Part I

Information About the Partnership

A

Partnership's employer identification number

69-0000003

B

Partnership's name, address, city, state, and ZIP code

Carlton Asset Management LP
1678 S Hoover Blvd
San Francisco, CA 94101

C

IRS Center where partnership filed return

Ogden

D

☒ Check if this is a publicly traded partnership (PTP)

E

☐ Tax shelter registration number, if any _____

F

☐ Check if Form 8271 is attached

Part II

Information About the Partner

G

Partner's identifying number

69-3000002

H

Partner's name, address, city, state, and ZIP code

ABC Investments
93 E Oaks Dr
Los Angeles, CA 90052

I

☐ General partner or LLC member-manager ☒ Limited partner or other LLC member

J

☒ Domestic partner ☐ Foreign partner

K

What type of entity is this partner? Partnership

L

Partner's share of profit, loss, and capital:

	Beginning		Ending
Profit	89 %		89 %
Loss	89 %		89 %
Capital	89 %		89 %

M

Partner's share of liabilities at year end:

Nonrecourse	. . . . .	.\$	480,600
Qualified nonrecourse financing	. . . . .	.\$
Recourse	. . . . .	.\$

N

Partner's capital account analysis:

Beginning capital account	. . . . .	.\$	3,483,574
Capital contributed during the year	. . . . .	.\$
Current year increase (decrease)	. . . . .	.\$	362,207,091
Withdrawals & distributions	. . . . .	.\$	( 363,300,436)
Ending capital account	. . . . .	.\$	2,390,229

☐ Tax basis ☐ GAAP ☒ Section 704(b) book

☐ Other (explain)

Part III

Partner's Share of Current Year Income,
Deductions, Credits, and Other Items

1	Ordinary business income (loss)	15	Credits
	361,776,890		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
			A Japan
4	Guaranteed payments		
			B 9,104,282
5	Interest income		
	32,507		D 9,104,282
6a	Ordinary dividends		
			L 562,934
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
			C 989
		19	Distributions
12	Section 179 deduction		
	38,567		A 363,300,436
13	Other deductions		
		20	Other information
			A 32,507
14	Self-employment earnings (loss)		

*See attached statement for additional information.

For IRS Use Only

651106

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Schedule K-1
(Form 1065)

Department of the Treasury
Internal Revenue Service

2007

For calendar year 2007, or tax
year beginning _____, 2007
ending _____, 20____

Partner’s Share of Income, Deductions,
Credits, etc. ▶ See back of form and separate instructions.

Part I Information About the Partnership

A Partnership’s employer identification number
69-0000003

B Partnership’s name, address, city, state, and ZIP code
Carlton Asset Management LP
1678 S Hoover Blvd
San Francisco, CA 94101

C IRS Center where partnership filed return
Ogden

D ☒ Check if this is a publicly traded partnership (PTP)

E ☐ Tax shelter registration number, if any _____

F ☐ Check if Form 8271 is attached

Part II Information About the Partner

G Partner’s identifying number
69-3000003

H Partner’s name, address, city, state, and ZIP code
T Carlton
888 NW Peach St
San Francisco, CA 94101

I ☐ General partner or LLC member-manager ☒ Limited partner or other LLC member

J ☒ Domestic partner ☐ Foreign partner

K What type of entity is this partner? Individual

L Partner’s share of profit, loss, and capital:

	Beginning		Ending
Profit	1 %		1 %
Loss	1 %		1 %
Capital	1 %		1 %

M Partner’s share of liabilities at year end:

Nonrecourse \$ 5,400

Qualified nonrecourse financing . . \$

Recourse \$

N Partner’s capital account analysis:

Beginning capital account . . . \$ 39,141

Capital contributed during the year . \$

Current year increase (decrease) . \$ 4,069,743

Withdrawals & distributions . . \$ (4,082,027)

Ending capital account . . . \$ 26,857

☐ Tax basis ☐ GAAP ☒ Section 704(b) book

☐ Other (explain)

Part III Partner’s Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss)	15	Credits
	4,064,909		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
			A Japan
4	Guaranteed payments		B 102,295
5	Interest income		D 102,295
6a	Ordinary dividends		L 6,325
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		C 11
		19	Distributions
12	Section 179 deduction		A 4,082,027
13	Other deductions		
		20	Other information
			A 365
14	Self-employment earnings (loss)		

*See attached statement for additional information.

For IRS Use Only

For Privacy Act and Paperwork Reduction Act Notice, see Instructions for Form 1065.

Cat. No. 11394R

Schedule K-1 (Form 1065) 2007

Page 63 of 194

SCHEDULE M-3
(Form 1065)

Department of the Treasury
Internal Revenue Service

Net Income (Loss) Reconciliation
for Certain Partnerships
▶ Attach to Form 1065 or Form 1065-B.
▶ See separate instructions.

OMB No. 1545-0099

2007

Name of partnership
Carlton Asset Management, LP

Employer identification number
69 : 0000003

This Schedule M-3 is being filed because (check all that apply):

A

☐

The amount of the partnership's total assets at the end of the tax year is equal to \$10 million or more.

B

☐

The amount of the partnership's adjusted total assets for the year is equal to \$10 million or more. If box B is checked, enter the amount of adjusted total assets for the tax year .

C

☒

The amount of total receipts for the taxable year is equal to \$35 million or more. If box C is checked, enter the total receipts for the tax year 410,686,302 .

D

☐

An entity that is a reportable entity partner with respect to the partnership owns or is deemed to own an interest of 50 percent or more in the partnership's capital, profit, or loss, on any day during the tax year of the partnership.

Name of Reportable Entity Partner	Identifying Number	Maximum Percentage Owned or Deemed Owned

E

☐

Voluntary Filer

Part I

Financial Information and Net Income (Loss) Reconciliation

1a

Did the partnership file SEC Form 10-K for its income statement period ending with or within this tax year?

☒ Yes. Skip lines 1b and 1c and complete lines 2 through 11 with respect to that SEC Form 10-K.

☐ No. Go to line 1b. See instructions if multiple non-tax-basis income statements are prepared.

b

Did the partnership prepare a certified audited non-tax-basis income statement for that period?

☐ Yes. Skip line 1c and complete lines 2 through 11 with respect to that income statement.

☐ No. Go to line 1c.

c

Did the partnership prepare a non-tax-basis income statement for that period?

☐ Yes. Complete lines 2 through 11 with respect to that income statement.

☐ No. Skip lines 2 through 3b and enter the partnership's net income (loss) per its books and records on line 4.

2

Enter the income statement period: Beginning 01 / 01 / 2007 Ending 12 / 31 / 2007

3a

Has the partnership's income statement been restated for the income statement period on line 2?

☐ Yes. (If "Yes," attach an explanation and the amount of each item restated.)

☒ No.

b

Has the partnership's income statement been restated for any of the five income statement periods preceding the period on line 2?

☐ Yes. (If "Yes," attach an explanation and the amount of each item restated.)

☒ No.

4	Worldwide consolidated net income (loss) from income statement source identified in Part I, line 1	4	406,974,260
5a	Net income from nonincludible foreign entities (attach schedule)	5a	()
b	Net loss from nonincludible foreign entities (attach schedule and enter as a positive amount) . .	5b	
6a	Net income from nonincludible U.S. entities (attach schedule)	6a	()
b	Net loss from nonincludible U.S. entities (attach schedule and enter as a positive amount) . . .	6b	
7a	Net income (loss) of other includible disregarded entities (attach schedule)	7a	
b	Net income (loss) of other includible entities (attach schedule)	7b	
8	Adjustment to eliminations of transactions between includible entities and nonincludible entities (attach schedule)	8	
9	Adjustment to reconcile income statement period to tax year (attach schedule)	9	
10	Other adjustments to reconcile to amount on line 11 (attach schedule)	10	
11	Net income (loss) per income statement of the partnership. Combine lines 4 through 10 . . .	11	406,974,260

Part II

Reconciliation of Net Income (Loss) per Income Statement of Partnership with Income (Loss) per Return

Income (Loss) Items	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1 Income (loss) from equity method foreign corporations				
2 Gross foreign dividends not previously taxed . . .				
3 Subpart F, QEF, and similar income inclusions . . .				
4 Gross foreign distributions previously taxed . . .				
5 Income (loss) from equity method U.S. corporations . .				
6 U.S. dividends				
7 Income (loss) from U.S. partnerships (attach schedule) .				
8 Income (loss) from foreign partnerships (attach schedule)	10,229,525			10,229,525
9 Income (loss) from other pass-through entities (attach schedule)				
10 Items relating to reportable transactions (attach details)				
11 Interest income (attach Form 8916-A)				
12 Total accrual to cash adjustment				
13 Hedging transactions				
14 Mark-to-market income (loss)				
15 Cost of goods sold (attach Form 8916-A)	()			()
16 Sale versus lease (for sellers and/or lessors)				
17 Section 481(a) adjustments				
18 Unearned/deferred revenue				
19 Income recognition from long-term contracts . . .				
20 Original issue discount and other imputed interest				
21a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities				
b Gross capital gains from Schedule D, excluding amounts from pass-through entities				
c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
e Abandonment losses				
f Worthless stock losses (attach details)				
g Other gain/loss on disposition of assets other than inventory				
22 Other income (loss) items with differences (attach schedule)				
23 Total income (loss) items. Combine lines 1 through 22	10,229,525			10,229,525
24 Total expense/deduction items (from Part III, line 30)	(2,222)		(560,789)	(563,011)
25 Other items with no differences	396,746,957			396,746,957
26 Reconciliation totals. Combine lines 23 through 25 .	406,974,260		(560,789)	406,413,471

Note. Line 26, column (a), must equal the amount on Part I, line 11, and column (d) must equal Form 1065, page 4, Analysis of Net Income (Loss), line 1.

Part III

Reconciliation of Net Income (Loss) per Income Statement of Partnership With Income (Loss) per Return—Expense/Deduction Items

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 State and local current income tax expense . . .				
2 State and local deferred income tax expense . .				
3 Foreign current income tax expense (other than foreign withholding taxes)				
4 Foreign deferred income tax expense				
5 Equity-based compensation				
6 Meals and entertainment	2,222		(1,111)	1,111
7 Fines and penalties				
8 Judgments, damages, awards, and similar costs .				
9 Guaranteed payments			561,900	561,900
10 Pension and profit-sharing				
11 Other post-retirement benefits				
12 Deferred compensation				
13 Charitable contribution of cash and tangible property				
14 Charitable contribution of intangible property . .				
15 Organizational expenses as per Regulations section 1.709-2(a)				
16 Syndication expenses as per Regulations section 1.709-2(b)				
17 Current year acquisition/reorganization investment banking fees				
18 Current year acquisition/reorganization legal and accounting fees				
19 Amortization/impairment of goodwill				
20 Amortization of acquisition, reorganization, and start-up costs				
21 Other amortization or impairment write-offs . . .				
22 Section 198 environmental remediation costs . .				
23a Depletion—Oil & Gas				
b Depletion—Other than Oil & Gas				
24 Intangible drilling & development costs				
25 Depreciation				
26 Bad debt expense				
27 Interest expense (attach Form 9916-A).				
28 Purchase versus lease (for purchasers and/or lessees)				
29 Other expense/deduction items with differences (attach schedule)				
30 Total expense/deduction items. Combine lines 1 through 29. Enter here and on Part II, line 24 . .	2,222		560,789	563,011

Form

8865

Department of the Treasury
Internal Revenue Service

Return of U.S. Persons With Respect to
Certain Foreign Partnerships

► Attach to your tax return. See separate instructions.

Information furnished for the foreign partnership's tax year
beginning 01/01, 2007, and ending 12/31, 20 07

OMB No. 1545-1668

2007

Attachment
Sequence No. 118

Name of person filing this return

Carlton Asset Management, LP

Filer's identifying number

69-0000003

Filer's address (if you are not filing this form with your tax return)

1678 S Hoover Blvd
San Francisco, CA 94101

A Category of filer (see Categories of Filers in the instructions and check applicable box(es)):

1 ☐ 2 ☐ 3 ☒ 4 ☐

B Filer's tax year beginning 01/01, 20 07, and ending 12/31, 20 07

C Filer's share of liabilities: Nonrecourse \$ Qualified nonrecourse financing \$ 4,800,000 Other \$

D If filer is a member of a consolidated group but not the parent, enter the following information about the parent:

Name

EIN

Address

E Information about certain other partners (see instructions)

(1) Name	(2) Address	(3) Identifying number	(4) Check applicable box(es)		
			Category 1	Category 2	Constructive owner

F1 Name and address of foreign partnership

Mai Tai Investments
1-2-3 Ginsu, Chuo-Ku
Tokyo, 190-2182

2 EIN (if any)

69-0000099

3 Country under whose laws organized

Japan

4 Date of organization	5 Principal place of business	6 Principal business activity code number	7 Principal business activity	8a Functional currency	8b Exchange rate (see instr.)
09/13/1992	Japan	523110	Security Dealing	Yen	.8739

G Provide the following information for the foreign partnership's tax year:

1 Name, address, and identifying number of agent (if any) in the United States

2 Check if the foreign partnership must file:
☐ Form 1042 ☒ Form 8804 ☐ Form 1065 or 1065-B
Service Center where Form 1065 or 1065-B is filed:

3 Name and address of foreign partnership's agent in country of organization, if any

4 Name and address of person(s) with custody of the books and records of the foreign partnership, and the location of such books and records, if different

5 Were any special allocations made by the foreign partnership? ☐ Yes ☒ No

6 Enter the number of Forms 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities, attached to this return (see instructions). ☐ ☒ Partnership

7 How is this partnership classified under the law of the country in which it is organized? ☐ ☒ Partnership

8 Did the partnership own any separate units within the meaning of Regulations section 1.1503-2(c)(3) or (4)? ☐ Yes ☒ No

9 Does this partnership meet both of the following requirements?
• The partnership's total receipts for the tax year were less than \$250,000 and
• The value of the partnership's total assets at the end of the tax year was less than \$600,000. } ☐ Yes ☒ No
If "Yes," do not complete Schedules L, M-1, and M-2.

Sign Here Only If You Are Filing This Form Separately and Not With Your Tax Return

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member) is based on all information of which preparer has any knowledge.

Signature of general partner or limited liability company member

Date

Paid Preparer Sign and Complete Only If Form is Filed Separately.

Preparer's signature

Date

Check if self-employed ☐

Preparer's SSN or PTIN

Firm's name (or yours if self-employed), address, and ZIP code

Electronic Tax Filers, Inc
123 Any Street Anytown, NY 11717

EIN 69

0000098

Phone no. (631) 555-1212

Schedule A

Constructive Ownership of Partnership Interest. Check the boxes that apply to the filer. If you check box **b**, enter the name, address, and U.S. taxpayer identifying number (if any) of the person(s) whose interest you constructively own. See instructions.

a ☒ Owns a direct interest

b ☐ Owns a constructive interest

Name	Address	Identifying number (if any)	Check if foreign person	Check if direct partner
Calrton Asset Management, LP	1678 Hoover Blvd, San Francisco CA CA 94101	69-0000098		<input checked="" type="checkbox"/>

Schedule A-1

Certain Partners of Foreign Partnership (see instructions)

Name	Address	Identifying number (if any)	Check if foreign person

Does the partnership have any other foreign person as a direct partner?

☐ Yes

☐ No

Schedule A-2

Affiliation Schedule. List all partnerships (foreign or domestic) in which the foreign partnership owns a direct interest or indirectly owns a 10% interest.

Name	Address	EIN (if any)	Total ordinary income or loss	Check if foreign partnership

Schedule B

Income Statement—Trade or Business Income

Caution. Include **only** trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

Income	1a	Gross receipts or sales	1a				
	b	Less returns and allowances	1b			1c	
	2	Cost of goods sold			2		
	3	Gross profit. Subtract line 2 from line 1c.			3		
	4	Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)			4		
	5	Net farm profit (loss) (attach Schedule F (Form 1040))			5		
	6	Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)			6		
	7	Other income (loss) (attach statement).			7		
	8	Total income (loss). Combine lines 3 through 7			8		
Deductions (see instructions for limitations)	9	Salaries and wages (other than to partners) (less employment credits)			9		
	10	Guaranteed payments to partners			10		
	11	Repairs and maintenance			11		
	12	Bad debts			12		
	13	Rent			13		
	14	Taxes and licenses			14		
	15	Interest			15		
	16a	Depreciation (if required, attach Form 4562)	16a				
	b	Less depreciation reported elsewhere on return	16b			16c	
	17	Depletion (Do not deduct oil and gas depletion.)			17		
	18	Retirement plans, etc.			18		
	19	Employee benefit programs			19		
	20	Other deductions (attach statement)			20		
	21	Total deductions. Add the amounts shown in the far right column for lines 9 through 20.			21		
	22	Ordinary business income (loss) from trade or business activities. Subtract line 21 from line 8			22		

Schedule D Capital Gains and Losses

Part I Short-Term Capital Gains and Losses—Assets Held One Year or Less

(a) Description of property (e.g., 100 shares of "Z" Co.)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
1					
2	Short-term capital gain from installment sales from Form 6252, line 26 or 37				2
3	Short-term capital gain (loss) from like-kind exchanges from Form 8824				3
4	Partnership's share of net short-term capital gain (loss), including specially allocated short-term capital gains (losses), from other partnerships, estates, and trusts				4
5	Net short-term capital gain or (loss). Combine lines 1 through 4 in column (f). Enter here and on Form 8865, Schedule K, line 8 or 11				5

Part II Long-Term Capital Gains and Losses—Assets Held More Than One Year

(a) Description of property (e.g., 100 shares of "Z" Co.)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
6					
7	Long-term capital gain from installment sales from Form 6252, line 26 or 37				7
8	Long-term capital gain (loss) from like-kind exchanges from Form 8824.				8
9	Partnership's share of net long-term capital gain (loss), including specially allocated long-term capital gains (losses), from other partnerships, estates, and trusts.				9
10	Capital gain distributions				10
11	Net long-term capital gain or (loss). Combine lines 6 through 10 in column (f). Enter here and on Form 8865, Schedule K, line 9a or 11				11

Form 8865 (2007)

Page 4

Schedule K		Partners' Distributive Share Items	Total amount	
Income (Loss)	1	Ordinary business income (loss) (page 2, line 22)	1	
	2	Net rental real estate income (loss) (attach Form 8825)	2	
	3a	Other gross rental income (loss)	3a	
	b	Expenses from other rental activities (attach statement)	3b	
	c	Other net rental income (loss). Subtract line 3b from line 3a	3c	
	4	Guaranteed payments	4	
	5	Interest income	5	
	6	Dividends: a Ordinary dividends	6a	
	b	Qualified dividends	6b	
	7	Royalties	7	
	8	Net short-term capital gain (loss)	8	
Deductions	9a	Net long-term capital gain (loss)	9a	
	b	Collectibles (28%) gain (loss)	9b	
	c	Unrecaptured section 1250 gain (attach statement)	9c	
	10	Net section 1231 gain (loss) (attach Form 4797)	10	
	11	Other income (loss) (see instructions) Type ▶	11	
Self-Employment	12	Section 179 deduction (attach Form 4562)	12	
	13a	Contributions	13a	
	b	Investment interest expense	13b	
	c	Section 59(e)(2) expenditures: (1) Type ▶ (2) Amount ▶	13c(2)	
Credits	d	Other deductions (see instructions) Type ▶	13d	
	14a	Net earnings (loss) from self-employment	14a	
	b	Gross farming or fishing income	14b	
	c	Gross nonfarm income	14c	
	15a	Low-income housing credit (section 42(j)(5))	15a	
	b	Low-income housing credit (other)	15b	
Foreign Transactions	c	Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	15c	
	d	Other rental real estate credits (see instructions) Type ▶	15d	
	e	Other rental credits (see instructions) Type ▶	15e	
	f	Other credits (see instructions) Type ▶	15f	
	16a	Name of country or U.S. possession ▶	16a	
	b	Gross income from all sources	16b	
	c	Gross income sourced at partner level	16c	
	d	Foreign gross income sourced at partnership level		
	e	Passive category ▶ General category ▶ f Other ▶	16f	
	g	Deductions allocated and apportioned at partner level		
	h	Interest expense ▶ h Other ▶	16h	
i	Deductions allocated and apportioned at partnership level to foreign source income			
j	Passive category ▶ j General category ▶ k Other ▶	16k		
Alternative Minimum Tax (AMT) Items	l	Total foreign taxes (check one): ▶ <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	16l	
	m	Reduction in taxes available for credit (attach statement)	16m	
	n	Other foreign tax information (attach statement)		
	17a	Post-1986 depreciation adjustment	17a	
	b	Adjusted gain or loss	17b	
	c	Depletion (other than oil and gas)	17c	
Other Information	d	Oil, gas, and geothermal properties—gross income	17d	
	e	Oil, gas, and geothermal properties—deductions	17e	
	f	Other AMT items (attach statement)	17f	
	18a	Tax-exempt interest income	18a	
	b	Other tax-exempt income	18b	
	c	Nondeductible expenses	18c	
	19a	Distributions of cash and marketable securities	19a	
b	Distributions of other property	19b		
20a	Investment income	20a		
b	Investment expenses	20b		
c	Other items and amounts (attach statement)			

Schedule L **Balance Sheets per Books.** (Not required if Item G9, page 1, is answered "Yes.")

	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
Assets				
1 Cash				
2a Trade notes and accounts receivable				
b Less allowance for bad debts				
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities				
6 Other current assets (<i>attach statement</i>)				
7 Mortgage and real estate loans				
8 Other investments (<i>attach statement</i>)				
9a Buildings and other depreciable assets.				
b Less accumulated depreciation				
10a Depletable assets				
b Less accumulated depletion				
11 Land (net of any amortization).				
12a Intangible assets (amortizable only)				
b Less accumulated amortization				
13 Other assets (<i>attach statement</i>)				
14 Total assets.				
Liabilities and Capital				
15 Accounts payable				
16 Mortgages, notes, bonds payable in less than 1 year				
17 Other current liabilities (<i>attach statement</i>)				
18 All nonrecourse loans				
19 Mortgages, notes, bonds payable in 1 year or more				
20 Other liabilities (<i>attach statement</i>)				
21 Partners' capital accounts				
22 Total liabilities and capital				

Schedule M Balance Sheets for Interest Allocation

	(a) Beginning of tax year	(b) End of tax year
1 Total U.S. assets		
2 Total foreign assets:		
a Passive category		
b General category (attach statement)		
c Other		

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return. (Not required if Item G9, page 1, is answered "Yes.")

1 Net income (loss) per books			6 Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):		
2 Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11 not recorded on books this year (itemize):			a Tax-exempt interest \$		
3 Guaranteed payments (other than health insurance)			7 Deductions included on Schedule K, lines 1 through 13d, and 16l not charged against book income this year (itemize):		
4 Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16l (itemize):			a Depreciation \$		
a Depreciation \$			8 Add lines 6 and 7		
b Travel and entertainment \$			9 Income (loss). Subtract line 8 from line 5		
5 Add lines 1 through 4					

Schedule M-2 Analysis of Partners' Capital Accounts. (Not required if Item G9, page 1, is answered "Yes.")

1 Balance at beginning of year			6 Distributions: a Cash		
2 Capital contributed:			b Property		
a Cash			7 Other decreases (itemize):		
b Property					
3 Net income (loss) per books			8 Add lines 6 and 7		
4 Other increases (itemize):			9 Balance at end of year. Subtract line 8 from line 5		
5 Add lines 1 through 4					

Schedule N

Transactions Between Controlled Foreign Partnership and Partners or Other Related Entities

Important: Complete a separate Form 8865 and Schedule N for each controlled foreign partnership. Enter the totals for each type of transaction that occurred between the foreign partnership and the persons listed in columns (a) through (d).

Transactions of foreign partnership	(a) U.S. person filing this return	(b) Any domestic corporation or partnership controlling or controlled by the U.S. person filing this return	(c) Any other foreign corporation or partnership controlling or controlled by the U.S. person filing this return	(d) Any U.S. person with a 10% or more direct interest in the controlled foreign partnership (other than the U.S. person filing this return)
1 Sales of inventory . . .				
2 Sales of property rights (patents, trademarks, etc.)				
3 Compensation received for technical, managerial, engineering, construction, or like services				
4 Commissions received .				
5 Rents, royalties, and license fees received . .				
6 Distributions received . .				
7 Interest received . . .				
8 Other				
9 Add lines 1 through 8 . .				
10 Purchases of inventory .				
11 Purchases of tangible property other than inventory				
12 Purchases of property rights (patents, trademarks, etc.) . . .				
13 Compensation paid for technical, managerial, engineering, construction, or like services				
14 Commissions paid . . .				
15 Rents, royalties, and license fees paid . . .				
16 Distributions paid . . .				
17 Interest paid				
18 Other				
19 Add lines 10 through 18 .				
20 Amounts borrowed (enter the maximum loan balance during the year)—see instructions . . .				
21 Amounts loaned (enter the maximum loan balance during the year)—see instructions				

SCHEDULE O

(Form 8865)

Department of the Treasury
Internal Revenue Service

Transfer of Property to a Foreign Partnership

(under section 6038B)

► Attach to Form 8865. See Instructions for Form 8865.

OMB No. 1545-1668

2007

Name of transferor

Carlton Asset Management, LP

Filer's identifying number

69-0000003

Name of foreign partnership

Mai Tai Investments

Part I

Transfers Reportable Under Section 6038B

Type of property	(a) Date of transfer	(b) Number of items transferred	(c) Fair market value on date of transfer	(d) Cost or other basis	(e) Section 704(c) allocation method	(f) Gain recognized on transfer	(g) Percentage interest in partnership after transfer
Cash							
Marketable securities							
Inventory							
Tangible property used in trade or business	08/09/2007	4	12,345	16,000			25
Intangible property							
Other property							

Supplemental Information Required To Be Reported (see instructions):

Part II

Dispositions Reportable Under Section 6038B

(a) Type of property	(b) Date of original transfer	(c) Date of disposition	(d) Manner of disposition	(e) Gain recognized by partnership	(f) Depreciation recapture recognized by partnership	(g) Gain allocated to partner	(h) Depreciation recapture allocated to partner

Part III

Is any transfer reported on this schedule subject to gain recognition under section 904(f)(3) or section 904(f)(5)(F)?

► ☐ Yes ☒ No

TEST SCENARIO 4**FORMS REQUIRED:**

1065, 4562, 4797, 8308, 1065 Sch D, 1065 Sch K-1 (3), Form 8453-PE

ATTACHMENTS:

Other Income (Loss) Statement
Itemized Other Deductions Statement
Itemized Section 263A Costs Schedule
Inventoriable Costs Paid Schedule
Section 754 Election
Partnership's Charitable Contributions Statement
Schedule L Other Current Assets Statement
Schedule L Other Assets Statement
Schedule L Other Current Liabilities Statement

BINARY ATTACHMENTS: Scanned Form 8453-PE (8453 Signature Document)**HEADER INFO****Tax Period:** Calendar Year 2007

Preparer Firm: Electronic Tax Filers, Inc 69-0000098
1065 Efile Drive
Anytown, OR 97201

MultipleSoftwarePackagesUsed: Yes or No

Originator: EFIN: Self-select
Type: ERO
PractitionerPIN: None
PIN Entered by – N/A

Signature Option: Binary Attachment 8453 Signature Document**Return Type:** 1065

Filer: EIN: 69-0000004
Name: Eastlands Quarries
Name Control: EAST
Address: 2313 Jackson Ave
Portland, OR 97208

Partner: Name: Jonathan Teak
Title: President
Taxpayer PIN:
Phone: 555-555-5555
Email Address: Anymail@email.com
DateSigned: 04/11/2008

Preparer: Name: John Smith
SSN: 000-20-1212
Phone: 555-555-0000
Email Address: Anymail@email.com
Date Prepared: 04/11/2008

IRS Payment: N/A

Self Employed: No**Details for attachments to Form****Other Income (Loss) Statement** (Form 1065, Page 1, Line 7)

Miscellaneous	36,522
---------------	--------

Itemized Other Deductions Statement (Form 1065, Page 1 Line 20)

Amortization	441,924
Insurance	75,606
Professional Fees	583,204
Miscellaneous	213,470

Itemized Section 263A Costs Schedule (Form 1065, Page 2, Schedule A, Line 4)

Rent	50,000
Utilities	24,212

Inventoriable Costs Paid Schedule (Form 1065, Page 2, Schedule A, Line 5)

Professional Fees	19,360
Utilities	1,321,610
Miscellaneous	225,142
Depreciation	1,552,601

Section 754 Election (Form 1065, Page 2, Schedule B, Line 11)

Name of Partnership	Eastlands Quarries
Partnership Address	2313 Jackson Ave Portland, OR 97208
Section 754 Declaration	Made a section 754 declaration

Partnership's Charitable Contributions Statement (Form 1065, Page 3, Schedule K, Line 13a)

Type of Contribution	50% Cash Contribution
Amount	3,000

Schedule L Other Current Assets Statement (Form 1065, Page 4, Schedule L, Line 6b and 6d)

Type	BOY Amount	EOY Amount
Prepaid Insurance	105,000	105,000
Deposit	45,000	20,000

Schedule L Other Assets Statement (Form 1065, Page 4, Schedule L, Line 13b and 13d)

Type	BOY Amount	EOY Amount
Other Assets	387,000	411,000

Schedule L Other Current Liabilities Statement (Form 1065, Page 4, Schedule L, Line 17)

Type	BOY Amount	EOY Amount
Accrued Payroll	793,542	801,250
Accrued Profit Sharing	377,622	486,135

Form **1065**
Department of the Treasury
Internal Revenue Service (77)

U.S. Return of Partnership Income
For calendar year 2007, or tax year beginning , 2007, ending , 20
▶ See separate instructions.

OMB No. 1545-0099
2007

A Principal business activity Quarries	Use the IRS label. Otherwise, print or type.	Name of partnership Eastland Quarries	D Employer identification number 69 0000004
B Principal product or service Crushed Stone		Number, street, and room or suite no. If a P.O. box, see the instructions. 2313 Jackson Ave	E Date business started 03/29/2002
C Business code number 212310		City or town, state, and ZIP code Portland, OR 97208	F Total assets (see the instructions) \$ 28,234,548

G Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change (5) ☐ Amended return
H Check accounting method: (1) ☐ Cash (2) ☒ Accrual (3) ☐ Other (specify) ▶
I Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ▶
J Check if Schedule M-3 required (attach Schedule M-3) ☐

Caution. Include **only** trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

Income	1a Gross receipts or sales	1a	15,200,800			
	b Less returns and allowances	1b	115,470		1c	15,085,330
	2 Cost of goods sold (Schedule A, line 8)				2	7,000,000
	3 Gross profit. Subtract line 2 from line 1c				3	8,085,330
	4 Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)				4	
	5 Net farm profit (loss) (attach Schedule F (Form 1040))				5	
	6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)				6	37,400
	7 Other income (loss) (attach statement)				7	36,522
Deductions (see the instructions for limitations)	8 Total income (loss). Combine lines 3 through 7				8	8,159,252
	9 Salaries and wages (other than to partners) (less employment credits)				9	550,000
	10 Guaranteed payments to partners				10	
	11 Repairs and maintenance				11	3,120,512
	12 Bad debts				12	11,411
	13 Rent				13	486,634
	14 Taxes and licenses				14	262,140
	15 Interest				15	38,106
	16a Depreciation (if required, attach Form 4562)	16a	1,552,601			
	b Less depreciation reported on Schedule A and elsewhere on return	16b	1,552,601		16c	
	17 Depletion (Do not deduct oil and gas depletion.)				17	653,121
	18 Retirement plans, etc.				18	53,721
	19 Employee benefit programs				19	287,416
	20 Other deductions (attach statement)				20	1,314,204
	21 Total deductions. Add the amounts shown in the far right column for lines 9 through 20				21	6,777,265
	22 Ordinary business income (loss). Subtract line 21 from line 8				22	1,381,987

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.

▶ Signature of general partner or limited liability company member manager ▶ Date

May the IRS discuss this return with the preparer shown below (see instructions)? ☐ Yes ☐ No

Paid Preparer's Use Only

Preparer's signature Date Check if self-employed ☐ Preparer's SSN or PTIN

Firm's name (or yours if self-employed), address, and ZIP code ▶ **Electronic Tax Filers, Inc** EIN ▶ **69 0000098**
1065 Efile Drive Anytown, OR 97201 Phone no. (**555**) **555-0000**

Schedule A **Cost of Goods Sold** (see the instructions)

1	Inventory at beginning of year	1	1,372,320	
2	Purchases less cost of items withdrawn for personal use	2	1,512,263	
3	Cost of labor	3	2,130,412	
4	Additional section 263A costs (<i>attach statement</i>)	4	74,212	
5	Other costs (<i>attach statement</i>)	5	3,118,713	
6	Total. Add lines 1 through 5	6		
7	Inventory at end of year	7	1,207,920	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	7,000,000	

9a Check all methods used for valuing closing inventory:

(i) ☐ Cost as described in Regulations section 1.471-3

(ii) ☒ Lower of cost or market as described in Regulations section 1.471-4

(iii) ☐ Other (specify method used and attach explanation) ►

b Check this box if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) . . . ► ☐

c Check this box if the LIFO inventory method was adopted this tax year for any goods (*if checked, attach Form 970*) ► ☐

d Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership? . . . ☒ **Yes** ☐ **No**

e Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ **Yes** ☒ **No**

If "Yes," attach explanation.

Schedule B **Other Information**

	Yes	No
1 What type of entity is filing this return? Check the applicable box:		
a <input type="checkbox"/> Domestic general partnership		
b <input type="checkbox"/> Domestic limited partnership		
c <input type="checkbox"/> Domestic limited liability company		
d <input checked="" type="checkbox"/> Domestic limited liability partnership		
e <input type="checkbox"/> Foreign partnership		
f <input type="checkbox"/> Other ►		
2 Are any partners in this partnership also partnerships?		<input checked="" type="checkbox"/>
3 During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign entity that was disregarded as an entity separate from its owner under Regulations section 301.7701-2 and 301.7701-3? If "Yes," see instructions for required attachment		<input checked="" type="checkbox"/>
4 Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details		<input checked="" type="checkbox"/>
5 Does this partnership meet all three of the following requirements?		
a The partnership's total receipts for the tax year were less than \$250,000;		
b The partnership's total assets at the end of the tax year were less than \$600,000; and		
c Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return		<input checked="" type="checkbox"/>
If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item N on Schedule K-1.		
6 Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805 and 8813. See the instructions		<input checked="" type="checkbox"/>
7 Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		<input checked="" type="checkbox"/>
8 Has this partnership filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?		<input checked="" type="checkbox"/>
9 At any time during calendar year 2007, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country. ►		<input checked="" type="checkbox"/>
10 During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520. See the instructions		<input checked="" type="checkbox"/>
11 Was there a distribution of property or a transfer (for example, by sale or death) of a partnership interest during the tax year? If "Yes," you may elect to adjust the basis of the partnership's assets under section 754 by attaching the statement described under <i>Elections Made By the Partnership</i> in the instructions	<input checked="" type="checkbox"/>	
12 Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return ►		

Designation of Tax Matters Partner (see the instructions)
Enter below the general partner designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP ►	Identifying number of TMP ►
Address of designated TMP ►	

Schedule K		Partners' Distributive Share Items		Total amount	
Income (Loss)	1	Ordinary business income (loss) (page 1, line 22)	1	1,381,987	
	2	Net rental real estate income (loss) (attach Form 8825)	2		
	3a	Other gross rental income (loss)	3a		
	3b	Expenses from other rental activities (attach statement)	3b		
	3c	Other net rental income (loss). Subtract line 3b from line 3a	3c		
	4	Guaranteed payments	4		
	5	Interest income	5	14,225	
	6a	Dividends: a Ordinary dividends	6a		
	6b	b Qualified dividends	6b		
	7	Royalties	7		
	8	Net short-term capital gain (loss) (attach Schedule D (Form 1065))	8	2,300	
9a	Net long-term capital gain (loss) (attach Schedule D (Form 1065))	9a	(2,500)		
	b Collectibles (28%) gain (loss)	9b			
	c Unrecaptured section 1250 gain (attach statement)	9c			
10	Net section 1231 gain (loss) (attach Form 4797)	10	(56,500)		
11	Other income (loss) (see instructions) Type ▶	11			
Deductions	12	Section 179 deduction (attach Form 4562)	12		
	13a	Contributions	13a	3,000	
	13b	Investment interest expense	13b		
	13c(2)	c Section 59(e)(2) expenditures: (1) Type ▶ (2) Amount ▶	13c(2)		
13d	d Other deductions (see instructions) Type ▶	13d			
Self-Employment	14a	Net earnings (loss) from self-employment	14a	739,523	
	14b	Gross farming or fishing income	14b		
	14c	Gross nonfarm income	14c	739,523	
Credits	15a	Low-income housing credit (section 42(j)(5))	15a		
	15b	Low-income housing credit (other)	15b		
	15c	Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	15c		
	15d	d Other rental real estate credits (see instructions) Type ▶	15d		
	15e	e Other rental credits (see instructions) Type ▶	15e		
	15f	f Other credits (see instructions) Type ▶	15f		
Foreign Transactions	16a	Name of country or U.S. possession ▶	16a		
	16b	b Gross income from all sources	16b		
	16c	c Gross income sourced at partner level	16c		
	16f	d Passive category ▶ e General category ▶ f Other ▶ Foreign gross income sourced at partnership level	16f		
	16h	g Interest expense ▶ h Other ▶ Deductions allocated and apportioned at partner level	16h		
	16k	i Passive category ▶ j General category ▶ k Other ▶ Deductions allocated and apportioned at partnership level to foreign source income	16k		
	16l	l Total foreign taxes (check one): ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/>	16l		
	16m	m Reduction in taxes available for credit (attach statement)	16m		
	16n	n Other foreign tax information (attach statement)	16n		
Alternative Minimum Tax (AMT) Items	17a	Post-1986 depreciation adjustment	17a	(199,426)	
	17b	b Adjusted gain or loss	17b	(15,622)	
	17c	c Depletion (other than oil and gas)	17c	619,783	
	17d	d Oil, gas, and geothermal properties—gross income	17d		
	17e	e Oil, gas, and geothermal properties—deductions	17e		
	17f	f Other AMT items (attach statement)	17f		
Other Information	18a	Tax-exempt interest income	18a		
	18b	b Other tax-exempt income	18b		
	18c	c Nondeductible expenses	18c		
	19a	Distributions of cash and marketable securities	19a	1,900,000	
	19b	b Distributions of other property	19b		
	20a	Investment income	20a	14,225	
20b	b Investment expenses	20b			
	c Other items and amounts (attach statement)				

Analysis of Net Income (Loss)

1	Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16l					1	1,336,512
2	Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other
a	General partners		735,082				
b	Limited partners						

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		375,120		1,530,820
2a	Trade notes and accounts receivable	1,140,165		1,353,242	
b	Less allowance for bad debts		1,140,165		1,353,242
3	Inventories		1,372,320		1,207,920
4	U.S. government obligations				
5	Tax-exempt securities				
6	Other current assets (attach statement)		150,000		125,000
7	Mortgage and real estate loans				
8	Other investments (attach statement)				
9a	Buildings and other depreciable assets	9,327,811		9,529,741	
b	Less accumulated depreciation	1,426,314	7,901,497	1,523,300	8,006,441
10a	Depletable assets	7,426,187		7,312,547	
b	Less accumulated depletion	426,187	7,000,000	375,638	6,936,909
11	Land (net of any amortization)		747,000		737,000
12a	Intangible assets (amortizable only)	7,926,216		7,926,216	
b	Less accumulated amortization		7,926,216		7,926,216
13	Other assets (attach statement)		387,000		411,000
14	Total assets		26,999,318		28,234,548
Liabilities and Capital					
15	Accounts payable		1,000,000		1,200,000
16	Mortgages, notes, bonds payable in less than 1 year				
17	Other current liabilities (attach statement)		1,171,164		1,287,385
18	All nonrecourse loans				
19	Mortgages, notes, bonds payable in 1 year or more		3,000,000		2,500,000
20	Other liabilities (attach statement)				
21	Partners' capital accounts		21,828,154		23,247,163
22	Total liabilities and capital		26,999,318		28,234,548

Schedule M-1		Reconciliation of Income (Loss) per Books With Income (Loss) per Return		
Note. Schedule M-3 may be required instead of Schedule M-1 (see instructions).				
1	Net income (loss) per books	3,319,009	6	Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):
2	Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		a	Tax-exempt interest \$
3	Guaranteed payments (other than health insurance)		7	Deductions included on Schedule K, lines 1 through 13d, and 16l, not charged against book income this year (itemize):
4	Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16l (itemize):		a	Depreciation \$
a	Depreciation \$		b.	Depletion
b	Travel and entertainment \$12,000			
		12,000	8	Add lines 6 and 7
5	Add lines 1 through 4	3,331,009	9	Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5

Schedule M-2 Analysis of Partners' Capital Accounts					
1	Balance at beginning of year	21,828,154	6	Distributions: a Cash	1,900,000
2	Capital contributed: a Cash			b Property	
	b Property		7	Other decreases (itemize):	
3	Net income (loss) per books	3,319,009		.....
4	Other increases (itemize):		8	Add lines 6 and 7	1,900,000
	.....		9	Balance at end of year. Subtract line 8 from line 5	23,247,163
5	Add lines 1 through 4	25,147,163			

Form **4562**
Department of the Treasury
Internal Revenue Service

Depreciation and Amortization
(Including Information on Listed Property)

► See separate instructions. ► Attach to your tax return.

OMB No. 1545-0172
2007
Attachment
Sequence No. **67**

Name(s) shown on return Eastland Quarries	Business or activity to which this form relates Quarries	Identifying number 69-0000004
---	--	---

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	\$125,000
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	\$500,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	

(a) Description of property	(b) Cost (business use only)	(c) Elected cost
6		
7	Listed property. Enter the amount from line 29	7
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8
9	Tentative deduction. Enter the smaller of line 5 or line 8.	9
10	Carryover of disallowed deduction from line 13 of your 2006 Form 4562	10
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12
13	Carryover of disallowed deduction to 2008. Add lines 9 and 10, less line 12 ►	13

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) and cellulosic biomass ethanol plant property placed in service during the tax year (see instructions)	14	182,157
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2007	17	1,300,668
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

Section B—Assets Placed in Service During 2007 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property		55,260	5	HY	200DB	11,052
c 7-year property		322,560	7	HY	200DB	46,094
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2007 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (see instructions)

21	Listed property. Enter amount from line 28	21	12,630
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instr.	22	1,552,601
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V

Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)
Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? ☒ Yes ☐ No 24b If "Yes," is the evidence written? ☒ Yes ☐ No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions).					25			
26 Property used more than 50% in a qualified business use:								
2007 Envoy	02/17/2007	100 %	42,600	42,600	5	200 DB/HY	8,520	
2007 HondaCiv	01/01/2007	100 %	20,550	20,550	5	200 DB/HY	4,110	
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L –		
		%				S/L –		
		%				S/L –		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1.					28		12,630	
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1.							29	

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1	(b) Vehicle 2	(c) Vehicle 3	(d) Vehicle 4	(e) Vehicle 5	(f) Vehicle 6
30 Total business/investment miles driven during the year (do not include commuting miles)						
31 Total commuting miles driven during the year						
32 Total other personal (noncommuting) miles driven						
33 Total miles driven during the year. Add lines 30 through 32						
34 Was the vehicle available for personal use during off-duty hours?	Yes No	Yes No	Yes No	Yes No	Yes No	Yes No
35 Was the vehicle used primarily by a more than 5% owner or related person?						
36 Is another vehicle available for personal use?						

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners	Yes No
39 Do you treat all use of vehicles by employees as personal use?	Yes No
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?	Yes No
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)	Yes No
Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.	

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2007 tax year (see instructions):					
Development	06/30/2007	104,106	291	5	10,411
43 Amortization of costs that began before your 2007 tax year.				43	431,513
44 Total. Add amounts in column (f). See the instructions for where to report.				44	441,924

Form

4797

Department of the Treasury
Internal Revenue Service (99)

Sales of Business Property

(Also Involuntary Conversions and Recapture Amounts
Under Sections 179 and 280F(b)(2))

► Attach to your tax return.► See separate instructions.

OMB No. 1545-0184

2007

Attachment
Sequence No. 27

Name(s) shown on return

Eastland Quarries

Identifying number

69-0000004

1

Enter the gross proceeds from sales or exchanges reported to you for 2007 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions).

1

Part I

Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft—Most Property Held More Than 1 Year (see instructions)

(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
2 Stone Crusher	01/01/2005	06/30/2007	162,372	37,128	260,000	(60,500)
3 Gain, if any, from Form 4684, line 39						3
4 Section 1231 gain from installment sales from Form 6252, line 26 or 37						4
5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824						5
6 Gain, if any, from line 32, from other than casualty or theft						6 4,000
7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows:						7 (56,500)
Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.						
Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.						
8 Nonrecaptured net section 1231 losses from prior years (see instructions)						8
9 Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions).						9

Part II

Ordinary Gains and Losses (see instructions)

10

Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

11

Loss, if any, from line 7

11 ()

12

Gain, if any, from line 7 or amount from line 8, if applicable

12

13

Gain, if any, from line 31

13 37,400

14

Net gain or (loss) from Form 4684, lines 31 and 38

14

15

Ordinary gain from installment sales from Form 6252, line 25 or 36

15

16

Ordinary gain or (loss) from like-kind exchanges from Form 8824

16

17

Combine lines 10 through 16

17 37,400

18

For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:

a

If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a." See instructions

18a

b

Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14

18b

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 13086I

Form 4797 (2007)

Part III

Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255
(see instructions)

19	(a) Description of section 1245, 1250, 1252, 1254, or 1255 property:	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
A	Machinery & Equipment	01/01/2006	06/01/2007
B	Machinery & Equipment	01/30/2006	06/30/2007
C			
D			

These columns relate to the properties on lines 19A through 19D. ►		Property A	Property B	Property C	Property D
20	Gross sales price (Note: See line 1 before completing.)	20	70,000	13,000	
21	Cost or other basis plus expense of sale	21	82,000	9,000	
22	Depreciation (or depletion) allowed or allowable	22	44,000	5,400	
23	Adjusted basis. Subtract line 22 from line 21	23	38,000	3,600	
24	Total gain. Subtract line 23 from line 20	24	32,000	9,400	
25	If section 1245 property:				
a	Depreciation allowed or allowable from line 22	25a	44,000	5,400	
b	Enter the smaller of line 24 or 25a	25b	32,000	5,400	
26	If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.				
a	Additional depreciation after 1975 (see instructions)	26a			
b	Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions)	26b			
c	Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e	26c			
d	Additional depreciation after 1969 and before 1976	26d			
e	Enter the smaller of line 26c or 26d	26e			
f	Section 291 amount (corporations only)	26f			
g	Add lines 26b, 26e, and 26f	26g			
27	If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).				
a	Soil, water, and land clearing expenses	27a			
b	Line 27a multiplied by applicable percentage (see instructions)	27b			
c	Enter the smaller of line 24 or 27b	27c			
28	If section 1254 property:				
a	Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions)	28a			
b	Enter the smaller of line 24 or 28a	28b			
29	If section 1255 property:				
a	Applicable percentage of payments excluded from income under section 126 (see instructions)	29a			
b	Enter the smaller of line 24 or 29a (see instructions)	29b			

Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30.

30	Total gains for all properties. Add property columns A through D, line 24	30	41,400
			37,400
31	Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31	
32	Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6	32	4,000

Part IV

Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less
(see instructions)

		(a) Section 179	(b) Section 280F(b)(2)
33	Section 179 expense deduction or depreciation allowable in prior years	33	
34	Recomputed depreciation (see instructions)	34	
35	Recapture amount. Subtract line 34 from line 33. See the instructions for where to report	35	

Form 8308 (Rev. October 2005) Department of the Treasury Internal Revenue Service		Report of a Sale or Exchange of Certain Partnership Interests		OMB No. 1545-0941	
▶ Please print or type.					
Name of partnership Eastland Quarries		Telephone number (555) 555-5555		Employer identification number 69 ; 0000004	
Number, street, and room or suite no. If a P.O. box, see instructions. 2313 Jackson Ave					
City or town, state, and ZIP code Portland, OR 97208					
Part I Transferor Information (Beneficial owner of the partnership interest immediately before the transfer of that interest)					
Name Peter Teak				Identifying number 000-30-0001	
Number and street (including apt. no.) 34 West Washington Ave					
City or town, state, and ZIP code Salt Lake City, UT 84100					
Notice to Transferors: <i>The information on this form has been supplied to the Internal Revenue Service. The transferor in a section 751(a) exchange is required to treat a portion of the gain realized from the exchange as ordinary income. For more details, see Pub. 541, Partnerships.</i>					
Statement by Transferor: <i>The transferor in a section 751(a) exchange is required under Regulations section 1.751-1(a)(3) to attach a statement relating to the sale or exchange to his or her return. See Instructions to Transferors for more details.</i>					
Part II Transferee Information (Beneficial owner of the partnership interest immediately after the transfer of that interest)					
Name Joseph Spruce				Identifying number 000-00-0002	
Number and street (including apt. no.) 5421 North 2100 South					
City or town, state, and ZIP code San Jose, CA 95101					
Part III Date of Sale or Exchange of Partnership Interest ▶ 07 / 01 /2007					
Sign Here Only if You Are Filing This Form by Itself and Not With Form 1065 or Form 1065-B		Under penalties of perjury, I declare that I have examined this return, including accompanying attachments, and to the best of my knowledge and belief, it is true, correct, and complete.			
▶ _____ Signature of general partner or limited liability company member		▶ _____ Date			

SCHEDULE D
(Form 1065)

Department of the Treasury
Internal Revenue Service

Capital Gains and Losses

OMB No. 1545-0099

2007

► Attach to Form 1065.

Name of partnership
Eastland Quarries

Employer identification number
690000004

Part I

Short-Term Capital Gains and Losses—Assets Held 1 Year or Less

(a) Description of property (e.g., 100 shares of "Z" Co.)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
1100 Shares ABC	04/09/2007	09/13/2007	5,000	2,700	2,300
2Short-term capital gain from installment sales from Form 6252, line 26 or 37				2	
3Short-term capital gain (loss) from like-kind exchanges from Form 8824				3	
4Partnership's share of net short-term capital gain (loss), including specially allocated short-term capital gains (losses), from other partnerships, estates, and trusts				4	
5Net short-term capital gain or (loss). Combine lines 1 through 4 in column (f). Enter here and on Form 1065, Schedule K, line 8 or 11				5	2,300

Part II

Long-Term Capital Gains and Losses—Assets Held More Than 1 Year

(a) Description of property (e.g., 100 shares of "Z" Co.)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
61 Acre of Land	08/01/2003	01/10/2007	7,500	10,000	(2,500)
7Long-term capital gain from installment sales from Form 6252, line 26 or 37				7	
8Long-term capital gain (loss) from like-kind exchanges from Form 8824				8	
9Partnership's share of net long-term capital gain (loss), including specially allocated long-term capital gains (losses), from other partnerships, estates, and trusts				9	
10Capital gain distributions				10	
11Net long-term capital gain or (loss). Combine lines 6 through 10 in column (f). Enter here and on Form 1065, Schedule K, line 9a or 11				11	(2,500)

For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 1065.

Cat. No. 11393G

Schedule D (Form 1065) 2007

651106

Schedule K-1
(Form 1065)

Department of the Treasury
Internal Revenue Service

2007

For calendar year 2007, or tax
year beginning _____, 2007
ending _____, 20____

Partner’s Share of Income, Deductions,
Credits, etc. ▶ See back of form and separate instructions.

Part I

Information About the Partnership

A

Partnership’s employer identification number

69-0000004

B

Partnership’s name, address, city, state, and ZIP code

Eastland Quarries
2313 Jackson Ave
Portland, OR 97208

C

IRS Center where partnership filed return

Ogden

D

☐ Check if this is a publicly traded partnership (PTP)

E

Tax shelter registration number, if any _____

F

☐ Check if Form 8271 is attached

Part II

Information About the Partner

G

Partner’s identifying number

000-30-0001

H

Partner’s name, address, city, state, and ZIP code

Peter Teak
34 West Washington Ave
Portland, OR 97208

I

☐ General partner or LLC member-manager

☒ Limited partner or other LLC member

J

☒ Domestic partner

☐ Foreign partner

K

What type of entity is this partner? Individual

L

Partner’s share of profit, loss, and capital:

Beginning

Ending

Profit

45 %

0 %

Loss

45 %

0 %

Capital

45 %

0 %

M

Partner’s share of liabilities at year end:

Nonrecourse

Qualified nonrecourse financing

Recourse

Nonrecourse

Qualified nonrecourse financing

Recourse

N

Partner’s capital account analysis:

Beginning capital account

Capital contributed during the year

Current year increase (decrease)

Withdrawals & distributions

Ending capital account

Beginning capital account

Capital contributed during the year

Current year increase (decrease)

Withdrawals & distributions

Ending capital account

Tax basis

GAAP

Section 704(b) book

Other (explain)

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Part III

Partner’s Share of Current Year Income,
Deductions, Credits, and Other Items

1

Ordinary business income (loss)

310,947

15

Credits

2

Net rental real estate income (loss)

3

Other net rental income (loss)

16

Foreign transactions

4

Guaranteed payments

5

Interest income

3,201

6a

Ordinary dividends

6b

Qualified dividends

7

Royalties

8

Net short-term capital gain (loss)

518

9a

Net long-term capital gain (loss)

17

Alternative minimum tax (AMT) items

9b

Collectibles (28%) gain (loss)

A (44,871)

9c

Unrecaptured section 1250 gain

B (3,515) C 139,451

10

Net section 1231 gain (loss)

18

Tax-exempt income and nondeductible expenses

11

Other income (loss)

12

Section 179 deduction

13

Other deductions

A 675

14

Self-employment earnings (loss)

19

Distributions

20

Other information

A 3,201

*See attached statement for additional information.

For IRS Use Only

651106

Schedule K-1
(Form 1065)

Department of the Treasury
Internal Revenue Service

2007

For calendar year 2007, or tax
year beginning _____, 2007
ending _____, 20____

Partner’s Share of Income, Deductions,
Credits, etc. ▶ See back of form and separate instructions.

Part I

Information About the Partnership

A

Partnership’s employer identification number

69-0000004

B

Partnership’s name, address, city, state, and ZIP code

Eastland Quarries
2313 Jackson Ave
Portland, OR 97208

C

IRS Center where partnership filed return

Ogden

D

☐ Check if this is a publicly traded partnership (PTP)

E

Tax shelter registration number, if any _____

F

☐ Check if Form 8271 is attached

Part II

Information About the Partner

G

Partner’s identifying number

000-00-0002

H

Partner’s name, address, city, state, and ZIP code

Joseph Spruce
5421 North 2100 South
Portland, OR 97208

I

☐ General partner or LLC member-manager

☒ Limited partner or other LLC member

J

☒ Domestic partner

☐ Foreign partner

K

What type of entity is this partner? Individual

L

Partner’s share of profit, loss, and capital:

	Beginning		Ending
Profit	0 %		45 %
Loss	0 %		45 %
Capital	0 %		45 %

M

Partner’s share of liabilities at year end:

Nonrecourse	.\$	
Qualified nonrecourse financing	.\$	
Recourse	.\$	

N

Partner’s capital account analysis:

Beginning capital account	.\$	
Capital contributed during the year	.\$	
Current year increase (decrease)	.\$	746,777
Withdrawals & distributions	.\$	(855,000)
Ending capital account	.\$	(108,223)

☐ Tax basis

☐ GAAP

☒ Section 704(b) book

☐ Other (explain)

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Part III

Partner’s Share of Current Year Income,
Deductions, Credits, and Other Items

1	Ordinary business income (loss)	15	Credits
	310,947		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
	3,200		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
	517		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
	(562)		A (44,871)
9b	Collectibles (28%) gain (loss)		
			B (3,515) C 139,451
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
	(12,712)		
11	Other income (loss)		
		19	Distributions
12	Section 179 deduction		A 855,000
13	Other deductions		
	A 675		
		20	Other information
			A 3,200
14	Self-employment earnings (loss)		
*See attached statement for additional information.			
For IRS Use Only			

651106

☐ Final K-1 ☐ Amended K-1 OMB No. 1545-0099

Schedule K-1
(Form 1065)

2007

Department of the Treasury
Internal Revenue Service

For calendar year 2007, or tax
year beginning _____, 2007
ending _____, 20____

Partner's Share of Income, Deductions,
Credits, etc. ▶ See back of form and separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number
69-0000004

B Partnership's name, address, city, state, and ZIP code
Eastland Quarries
2313 Jackson Ave
Portland, OR 97208

C IRS Center where partnership filed return
Ogden

D ☐ Check if this is a publicly traded partnership (PTP)

E ☐ Tax shelter registration number, if any _____

F ☐ Check if Form 8271 is attached

Part II Information About the Partner

G Partner's identifying number
000-30-0003

H Partner's name, address, city, state, and ZIP code
Jonathan Teak
48 Adams Ave
Portland, OR 97208

I ☒ General partner or LLC member-manager ☐ Limited partner or other LLC member

J ☒ Domestic partner ☐ Foreign partner

K What type of entity is this partner? Individual

L Partner's share of profit, loss, and capital:

	Beginning		Ending
Profit	55 %		55 %
Loss	55 %		55 %
Capital	55 %		55 %

M Partner's share of liabilities at year end:

Nonrecourse	. . . . .	.\$ _____
Qualified nonrecourse financing	. . . . .	.\$ _____
Recourse	. . . . .	.\$ 2,500,000

N Partner's capital account analysis:

Beginning capital account	. . . . .	.\$ 12,005,484
Capital contributed during the year	. . . . .	.\$ _____
Current year increase (decrease)	. . . . .	.\$ 1,825,455
Withdrawals & distributions	. . . . .	.\$ ( 1,045,000)
Ending capital account	. . . . .	.\$ 12,785,939

☐ Tax basis ☐ GAAP ☒ Section 704(b) book
☐ Other (explain) _____

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss)	15	Credits
	760,093		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
	7,824		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
	1,265		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
	(1,375)		A (109,684)
9b	Collectibles (28%) gain (loss)		
			B (8,592) C 340,881
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
	(31,075)		
11	Other income (loss)		
		19	Distributions
12	Section 179 deduction		A 1,045,000
13	Other deductions		
	A 1,650		
		20	Other information
			A 7,824
14	Self-employment earnings (loss)		
	A 739,523		
	C 739,523		

*See attached statement for additional information.

For IRS Use Only

TEST SCENARIO 5**FORMS REQUIRED:**

1065, 4562 (2), 4797, 6252 (2), 8825, SCH F (Form 1040), 1065 SCH K-1 (4), Form 8453-PE

ATTACHMENTS:

Ordinary Income (Loss) From Other Partnerships, Estates, and Trusts Statement
Other Income (Loss) Statement
Itemized Other Deductions Statement
Ownership of Any Interest in Another Partnership or Foreign Entity Statement
Schedule L Other Current Assets Statement
Schedule L Other Current Liabilities Statement

BINARY ATTACHMENTS: Scanned Form 8453-PE (8453 Signature Document)**HEADER INFO****Tax Period:** Calendar Year 2007

Preparer Firm: Electronic Tax Filers, Inc 69-0000098
1065 Efile Drive
Anytown, NV 89501

MultipleSoftwarePackagesUsed: Yes or No

Originator: EFIN: Self-select
Type: Self-select
PractitionerPIN: None
PIN Entered by – N/A

Signature Option: Binary Attachment 8453 Signature Document**Return Type:** 1065

Filer: EIN: 69-0000005
Name: Shoebill LTD
Name Control: SHOE
Address: 5551 Elliot Rd
Salt Lake City, UT 84101

Partner: Name: David Boxwood
Title: Chief Executive Officer
Taxpayer PIN: N/A
Phone: 555-555-5555
Email Address: Anymail@email.com
Date Signed: 04/15/2008

Preparer: Name: John Doe
SSN: 000-40-0011
Phone: 555-555-5555
Email Address: Anymail@email.com
Date Prepared: 04/15/2008
Self Employed: No

IRS PAYMENT: N/A

Details for attachments
Ordinary Income (Loss) From Other Partnerships, Estates, and Trusts Statement (Form 1065, Page 1, Line 4)

Partnership, Estate or Trust Name	Address	EIN	Amount
Hummingbird Flies	275 W Coolidge Ave Boise, ID 83708	69-5000005	\$23,712

Other Income (Loss) Statement (Form 1065, Page 1, Line 7)

Type	Amount
Cancellation of Debt Income	\$478,206

Itemized Other Deductions Statement (Form 1065, Page 1, Line 20)

Type	Amount
Insurance	\$5,000,000
Permits	\$961,480
Professional Fees	\$1,500,000
Bank Fees	\$1,500,000

Ownership of Any Interest in Another Partnership or Foreign Entity Statement (Form 1065, Page 2, Schedule B, Question 3)

Type of Entity	Entity Name	EIN	Country
Partnership	Thrush Company	69-4000044	US

Schedule L Other Current Assets Statement (Form 1065, Page 4, Schedule L, Line 6b and 6d)

Type	BOY Amount	EOY Amount
Prepaid	\$22,700	\$24,300
Investment	\$0	\$5,075,978

Schedule L Other Current Liabilities Statement (Form 1065, Page 4, Schedule L, Line 17b and 17d)

Type	BOY Amount	EOY Amount
Accrued Bonus	\$1,500,000	\$2,818,150
Accrued Payroll	\$500,000	\$640,000
Deferred Revenue	\$5,530,250	\$8,742,300

Form **1065**
Department of the Treasury
Internal Revenue Service (77)

U.S. Return of Partnership Income

OMB No. 1545-0099

For calendar year 2007, or tax year beginning , 2007, ending , 20.....
▶ See separate instructions.

2007

A Principal business activity FOOD MANUFACTURING	Use the IRS label. Otherwise, print or type.	Name of partnership SHOEBILL LTD	D Employer identification number 69 0000005
B Principal product or service DAIRY PRODUCTS		Number, street, and room or suite no. If a P.O. box, see the instructions. 5551 ELLIOT RD	E Date business started 10/01/1968
C Business code number 311500		City or town, state, and ZIP code SALT LAKE CITY, UT 84101	F Total assets (see the instructions) \$ 71,419,054

- G** Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change (5) ☐ Amended return
- H** Check accounting method: (1) ☐ Cash (2) ☒ Accrual (3) ☐ Other (specify) ▶
- I** Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ▶
- J** Check if Schedule M-3 required (attach Schedule M-3) ☐

Caution. Include **only** trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

Income	1a Gross receipts or sales	1a	47,291,088			
	b Less returns and allowances	1b			1c	47,291,088
	2 Cost of goods sold (Schedule A, line 8)				2	21,882,071
	3 Gross profit. Subtract line 2 from line 1c.				3	25,409,017
	4 Ordinary income (loss) from other partnerships, estates, and trusts (attach statement).				4	23,712
	5 Net farm profit (loss) (attach Schedule F (Form 1040))				5	636,570
	6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)				6	
	7 Other income (loss) (attach statement)				7	478,206
8 Total income (loss). Combine lines 3 through 7				8	26,547,505	
Deductions (see the instructions for limitations)	9 Salaries and wages (other than to partners) (less employment credits)				9	804,722
	10 Guaranteed payments to partners				10	
	11 Repairs and maintenance				11	17,239
	12 Bad debts				12	2,571,330
	13 Rent				13	900,002
	14 Taxes and licenses				14	44,444
	15 Interest				15	912,647
	16a Depreciation (if required, attach Form 4562)	16a	5,888,277			
	b Less depreciation reported on Schedule A and elsewhere on return	16b	5,726,037		16c	162,240
	17 Depletion (Do not deduct oil and gas depletion.)				17	
	18 Retirement plans, etc.				18	
	19 Employee benefit programs				19	
	20 Other deductions (attach statement)				20	8,961,480
	21 Total deductions. Add the amounts shown in the far right column for lines 9 through 20				21	14,374,124
22 Ordinary business income (loss). Subtract line 21 from line 8				22	12,173,381	

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.

Signature of general partner or limited liability company member manager: _____ Date: **04/15/2008**

May the IRS discuss this return with the preparer shown below (see instructions)? ☐ Yes ☐ No

Paid Preparer's Use Only	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN
	Firm's name (or yours if self-employed), address, and ZIP code	04/15/2008		000-40-0011
	ELECTRONIC TAX FILERS INC	1065 EFILE DR, ANYTOWN, NV 89501	EIN ▶ 69	0000098
			Phone no. (555)	555-5555

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 11390Z

Form **1065** (2007)

Schedule A Cost of Goods Sold (see the instructions)

1	Inventory at beginning of year	1	27,126,200
2	Purchases less cost of items withdrawn for personal use	2	12,960,400
3	Cost of labor	3	
4	Additional section 263A costs (attach statement)	4	
5	Other costs (attach statement)	5	
6	Total. Add lines 1 through 5	6	40,086,600
7	Inventory at end of year	7	18,204,529
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	21,882,071

9a Check all methods used for valuing closing inventory:

- (i) ☒ Cost as described in Regulations section 1.471-3
(ii) ☐ Lower of cost or market as described in Regulations section 1.471-4
(iii) ☐ Other (specify method used and attach explanation) ▶

b Check this box if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) ▶ ☐

c Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶ ☐

d Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership? ☐ Yes ☒ No

e Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☒ No

If "Yes," attach explanation.

Schedule B Other Information**1** What type of entity is filing this return? Check the applicable box:

Yes No

- a** ☐ Domestic general partnership **b** ☒ Domestic limited partnership
c ☐ Domestic limited liability company **d** ☐ Domestic limited liability partnership
e ☐ Foreign partnership **f** ☐ Other ▶

2 Are any partners in this partnership also partnerships?**3** During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign entity that was disregarded as an entity separate from its owner under Regulations section 301.7701-2 and 301.7701-3? If "Yes," see instructions for required attachment**4** Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details**5** Does this partnership meet all three of the following requirements?

- a** The partnership's total receipts for the tax year were less than \$250,000;
b The partnership's total assets at the end of the tax year were less than \$600,000; and
c Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return
- If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item N on Schedule K-1.

6 Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805 and 8813. See the instructions**7** Is this partnership a publicly traded partnership as defined in section 469(k)(2)?**8** Has this partnership filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?**9** At any time during calendar year 2007, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country. ▶**10** During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520. See the instructions**11** Was there a distribution of property or a transfer (for example, by sale or death) of a partnership interest during the tax year? If "Yes," you may elect to adjust the basis of the partnership's assets under section 754 by attaching the statement described under *Elections Made By the Partnership* in the instructions**12** Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return ▶ 0**Designation of Tax Matters Partner** (see the instructions)

Enter below the general partner designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP ▶

Identifying number of TMP ▶

Address of designated TMP ▶

Schedule K Partners' Distributive Share Items		Total amount	
Income (Loss)	1 Ordinary business income (loss) (page 1, line 22)	1	12,173,381
	2 Net rental real estate income (loss) (attach Form 8825)	2	1,029,503
	3a Other gross rental income (loss)	3a	
	b Expenses from other rental activities (attach statement)	3b	
	c Other net rental income (loss). Subtract line 3b from line 3a	3c	
	4 Guaranteed payments	4	
	5 Interest income	5	1,771,604
	6 Dividends: a Ordinary dividends	6a	
	b Qualified dividends	6b	
	7 Royalties	7	2,550,000
	8 Net short-term capital gain (loss) (attach Schedule D (Form 1065))	8	
9a Net long-term capital gain (loss) (attach Schedule D (Form 1065))	9a		
b Collectibles (28%) gain (loss)	9b		
c Unrecaptured section 1250 gain (attach statement)	9c		
10 Net section 1231 gain (loss) (attach Form 4797)	10	237,979	
11 Other income (loss) (see instructions) Type ▶	11		
Deductions	12 Section 179 deduction (attach Form 4562)	12	
	13a Contributions	13a	
	b Investment interest expense	13b	
	c Section 59(e)(2) expenditures: (1) Type ▶ (2) Amount ▶	13c(2)	
d Other deductions (see instructions) Type ▶	13d		
Self-Employment	14a Net earnings (loss) from self-employment	14a	3,300,721
	b Gross farming or fishing income	14b	
	c Gross nonfarm income	14c	3,300,721
Credits	15a Low-income housing credit (section 42(j)(5))	15a	
	b Low-income housing credit (other)	15b	
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	15c	
	d Other rental real estate credits (see instructions) Type ▶	15d	
	e Other rental credits (see instructions) Type ▶	15e	
	f Other credits (see instructions) Type ▶	15f	
Foreign Transactions	16a Name of country or U.S. possession ▶		
	b Gross income from all sources	16b	
	c Gross income sourced at partner level	16c	
	Foreign gross income sourced at partnership level		
	d Passive category ▶ e General category ▶ f Other ▶	16f	
	Deductions allocated and apportioned at partner level		
	g Interest expense ▶ h Other ▶	16h	
	Deductions allocated and apportioned at partnership level to foreign source income		
	i Passive category ▶ j General category ▶ k Other ▶	16k	
	l Total foreign taxes (check one): Paid <input type="checkbox"/> Accrued <input type="checkbox"/>	16l	
m Reduction in taxes available for credit (attach statement)	16m		
n Other foreign tax information (attach statement)			
Alternative Minimum Tax (AMT) Items	17a Post-1986 depreciation adjustment	17a	800,000
	b Adjusted gain or loss	17b	
	c Depletion (other than oil and gas)	17c	
	d Oil, gas, and geothermal properties—gross income	17d	
	e Oil, gas, and geothermal properties—deductions	17e	
	f Other AMT items (attach statement)	17f	
Other Information	18a Tax-exempt interest income	18a	
	b Other tax-exempt income	18b	
	c Nondeductible expenses	18c	56,403
	19a Distributions of cash and marketable securities	19a	
	b Distributions of other property	19b	
	20a Investment income	20a	1,771,604
b Investment expenses	20b		
c Other items and amounts (attach statement)			

Analysis of Net Income (Loss)

1 Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16l						1	17,762,467
2 Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other	
a General partners			4,440,617				
b Limited partners		8,881,233		4,440,617			

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1 Cash			700,440		25,330
2a Trade notes and accounts receivable		4,999,222		16,488,999	
b Less allowance for bad debts		809,111	4,190,111	1,288,222	15,200,777
3 Inventories			27,126,200		18,204,529
4 U.S. government obligations					
5 Tax-exempt securities					
6 Other current assets (attach statement)			22,700		5,100,278
7 Mortgage and real estate loans					
8 Other investments (attach statement)					
9a Buildings and other depreciable assets		22,500,030		24,785,827	
b Less accumulated depreciation		2,200,030	20,300,000	2,435,217	22,350,610
10a Depletable assets					
b Less accumulated depletion					
11 Land (net of any amortization)			8,774,228		10,537,530
12a Intangible assets (amortizable only)					
b Less accumulated amortization					
13 Other assets (attach statement)					
14 Total assets			61,113,679		71,419,054
Liabilities and Capital					
15 Accounts payable			3,100,377		3,987,240
16 Mortgages, notes, bonds payable in less than 1 year					20,317,292
17 Other current liabilities (attach statement)			7,530,250		12,200,450
18 All nonrecourse loans					
19 Mortgages, notes, bonds payable in 1 year or more			32,908,075		
20 Other liabilities (attach statement)					
21 Partners' capital accounts			17,574,977		34,914,072
22 Total liabilities and capital			61,113,679		71,419,054

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Note. Schedule M-3 may be required instead of Schedule M-1 (see instructions).

1 Net income (loss) per books	16,839,095	6 Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
2 Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		a Tax-exempt interest \$	
3 Guaranteed payments (other than health insurance)		7 Deductions included on Schedule K, lines 1 through 13d, and 16l, not charged against book income this year (itemize):	
4 Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16l (itemize):		a Depreciation \$	
a Depreciation \$	923,372	8 Add lines 6 and 7	
b Travel and entertainment \$	923,372	9 Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	17,762,467
5 Add lines 1 through 4	17,762,467		

Schedule M-2 Analysis of Partners' Capital Accounts

1 Balance at beginning of year	17,574,977	6 Distributions: a Cash	
2 Capital contributed: a Cash	500,000	b Property	
b Property		7 Other decreases (itemize):	
3 Net income (loss) per books	16,839,095	8 Add lines 6 and 7	
4 Other increases (itemize):		9 Balance at end of year. Subtract line 8 from line 5	34,914,072
5 Add lines 1 through 4	34,914,072		

Form 4562 Department of the Treasury Internal Revenue Service	Depreciation and Amortization (Including Information on Listed Property) ▶ See separate instructions. ▶ Attach to your tax return.	OMB No. 1545-0172 2007 Attachment Sequence No. 67
	Name(s) shown on return SHOEBILL UNLIMITED	Business or activity to which this form relates DAIRY PRODUCTS MFG	Identifying number 69-0000005

Part I Election To Expense Certain Property Under Section 179
Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	\$125,000
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	\$500,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
(a) Description of property		(b) Cost (business use only)	(c) Elected cost
6			
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8.	9	
10	Carryover of disallowed deduction from line 13 of your 2006 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2008. Add lines 9 and 10, less line 12 ▶	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.
Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) and cellulosic biomass ethanol plant property placed in service during the tax year (see instructions)	14	22,361
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)
Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2007	17	131,190
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ <input type="checkbox"/>		

Section B—Assets Placed in Service During 2007 Tax Year Using the General Depreciation System						
(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property		6,120	3 YRS	HY	S/L	1,020
b 5-year property		29,304	5 YRS	HY	200 DB	5,861
c 7-year property		10,885	7 YRS	HY	200 DB	1,555
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property	10/07	9,856	39 yrs.	MM	S/L	253
				MM	S/L	

Section C—Assets Placed in Service During 2007 Tax Year Using the Alternative Depreciation System						
20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (see instructions)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instr.	22	162,240
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V

Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)
Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? <input type="checkbox"/> Yes <input type="checkbox"/> No					24b If "Yes," is the evidence written? <input type="checkbox"/> Yes <input type="checkbox"/> No				
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost	
25 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions).						25			
26 Property used more than 50% in a qualified business use:									
		%							
		%							
		%							
27 Property used 50% or less in a qualified business use:									
		%				S/L –			
		%				S/L –			
		%				S/L –			
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1.						28			
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1.							29		

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

30	Total business/investment miles driven during the year (do not include commuting miles)	(a) Vehicle 1	(b) Vehicle 2	(c) Vehicle 3	(d) Vehicle 4	(e) Vehicle 5	(f) Vehicle 6		
31	Total commuting miles driven during the year								
32	Total other personal (noncommuting) miles driven								
33	Total miles driven during the year. Add lines 30 through 32								
34	Was the vehicle available for personal use during off-duty hours?	Yes	No	Yes	No	Yes	No	Yes	No
35	Was the vehicle used primarily by a more than 5% owner or related person?								
36	Is another vehicle available for personal use?								

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

37	Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38	Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39	Do you treat all use of vehicles by employees as personal use?		
40	Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41	Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		
Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.			

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2007 tax year (see instructions):					
43 Amortization of costs that began before your 2007 tax year.				43	
44 Total. Add amounts in column (f). See the instructions for where to report.				44	

Form 4562 Department of the Treasury Internal Revenue Service	Depreciation and Amortization (Including Information on Listed Property) ▶ See separate instructions. ▶ Attach to your tax return.	OMB No. 1545-0172 2007 Attachment Sequence No. 67
	Name(s) shown on return SHOEBILL UNLIMITED	Business or activity to which this form relates DAIRY PRODUCTS MFG	Identifying number 69-0000005

Part I Election To Expense Certain Property Under Section 179
Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	\$125,000
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	\$500,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
(a) Description of property		(b) Cost (business use only)	(c) Elected cost
6			
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8.	9	
10	Carryover of disallowed deduction from line 13 of your 2006 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2008. Add lines 9 and 10, less line 12 ▶	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.
Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) and cellulosic biomass ethanol plant property placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)
Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2007	17	5,075,260
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ <input type="checkbox"/>		

Section B—Assets Placed in Service During 2007 Tax Year Using the General Depreciation System						
(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property		2,642,388	5 YRS	HY	200 DB	528,478
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2007 Tax Year Using the Alternative Depreciation System						
20a Class life					S/L	
b 12-year		2,935,176	12 yrs.	HY	S/L	122,299
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (see instructions)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instr.	22	5,726,037
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V

Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)
Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? ☐ Yes ☐ No

24b If "Yes," is the evidence written? ☐ Yes ☐ No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25	Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions).						25	
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L –		
		%				S/L –		
		%				S/L –		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1.						28		
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1.							29	

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1	(b) Vehicle 2	(c) Vehicle 3	(d) Vehicle 4	(e) Vehicle 5	(f) Vehicle 6
30 Total business/investment miles driven during the year (do not include commuting miles)						
31 Total commuting miles driven during the year						
32 Total other personal (noncommuting) miles driven						
33 Total miles driven during the year. Add lines 30 through 32						
	Yes	No	Yes	No	Yes	No
34 Was the vehicle available for personal use during off-duty hours?						
35 Was the vehicle used primarily by a more than 5% owner or related person?						
36 Is another vehicle available for personal use?						

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		
Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.		

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2007 tax year (see instructions):					
43 Amortization of costs that began before your 2007 tax year.				43	
44 Total. Add amounts in column (f). See the instructions for where to report.				44	

Form **4797**
 Department of the Treasury
 Internal Revenue Service (99)

Sales of Business Property
(Also Involuntary Conversions and Recapture Amounts
Under Sections 179 and 280F(b)(2))

▶ Attach to your tax return.▶ See separate instructions.

OMB No. 1545-0184

2007

Attachment
Sequence No. **27**

Name(s) shown on return

Identifying number

SHOEBILL UNLIMITED**69-0000005**

- 1** Enter the gross proceeds from sales or exchanges reported to you for 2007 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions).

1

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft—Most Property Held More Than 1 Year (see instructions)

(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
2						
3 Gain, if any, from Form 4684, line 39						3
4 Section 1231 gain from installment sales from Form 6252, line 26 or 37						4 237,979
5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824						5
6 Gain, if any, from line 32, from other than casualty or theft						6
7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows:						7 237,979
Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below. Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.						
8 Nonrecaptured net section 1231 losses from prior years (see instructions)						8
9 Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions).						9

Part II Ordinary Gains and Losses (see instructions)

- 10** Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

11 Loss, if any, from line 7						11 ()
12 Gain, if any, from line 7 or amount from line 8, if applicable						12
13 Gain, if any, from line 31						13 150,000
14 Net gain or (loss) from Form 4684, lines 31 and 38a						14
15 Ordinary gain from installment sales from Form 6252, line 25 or 36						15
16 Ordinary gain or (loss) from like-kind exchanges from Form 8824						16
17 Combine lines 10 through 16						17 150,000
18 For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:						
a If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a." See instructions						18a
b Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14						18b

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 130861

Form **4797** (2007)

Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255

(see instructions)

19	(a) Description of section 1245, 1250, 1252, 1254, or 1255 property:	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
A	SEE F6252	04/30/04	06/30/07
B			
C			
D			

These columns relate to the properties on lines 19A through 19D. ►		Property A	Property B	Property C	Property D
20	Gross sales price (Note: See line 1 before completing.)	20 3,150,000			
21	Cost or other basis plus expense of sale	21 600,000			
22	Depreciation (or depletion) allowed or allowable	22 150,000			
23	Adjusted basis. Subtract line 22 from line 21	23 450,000			
24	Total gain. Subtract line 23 from line 20	24 2,700,000			
25	If section 1245 property:				
a	Depreciation allowed or allowable from line 22	25a 150,000			
b	Enter the smaller of line 24 or 25a	25b 150,000			
26	If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.				
a	Additional depreciation after 1975 (see instructions)	26a			
b	Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions)	26b			
c	Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e	26c			
d	Additional depreciation after 1969 and before 1976	26d			
e	Enter the smaller of line 26c or 26d	26e			
f	Section 291 amount (corporations only)	26f			
g	Add lines 26b, 26e, and 26f	26g			
27	If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).				
a	Soil, water, and land clearing expenses	27a			
b	Line 27a multiplied by applicable percentage (see instructions)	27b			
c	Enter the smaller of line 24 or 27b	27c			
28	If section 1254 property:				
a	Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions)	28a			
b	Enter the smaller of line 24 or 28a	28b			
29	If section 1255 property:				
a	Applicable percentage of payments excluded from income under section 126 (see instructions)	29a			
b	Enter the smaller of line 24 or 29a (see instructions)	29b			

Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30.

30	Total gains for all properties. Add property columns A through D, line 24	30 2,700,000
31	Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31 150,000
32	Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6	32 N/A

Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less
(see instructions)

		(a) Section 179	(b) Section 280F(b)(2)
33	Section 179 expense deduction or depreciation allowable in prior years	33	
34	Recomputed depreciation (see instructions)	34	
35	Recapture amount. Subtract line 34 from line 33. See the instructions for where to report	35	



Form

6252

Department of the Treasury
Internal Revenue Service

Installment Sale Income

► Attach to your tax return.
► Use a separate form for each sale or other disposition of property on the installment method.

OMB No. 1545-0228

2007

Attachment
Sequence No. 79

Name(s) shown on return

SHOEBILL UNLIMITED

Identifying number

69-0000005

1

Description of property ► PASTEURIZER

2a

Date acquired (month, day, year) ► 01 / 01 / 1984

b

Date sold (month, day, year) ► 06 / 30 / 2004

3

Was the property sold to a related party (see instructions) after May 14, 1980? If "No," skip line 4.

☐ Yes

☒ No

4

Was the property you sold to a related party a marketable security? If "Yes," complete Part III. If "No," complete Part III for the year of sale and the 2 years after the year of sale

☐ Yes

☐ No

Part I

Gross Profit and Contract Price. Complete this part for the year of sale only.

5

Selling price including mortgages and other debts. Do not include interest whether stated or unstated

5

6

Mortgages, debts, and other liabilities the buyer assumed or took the property subject to (see instructions)

6

7

Subtract line 6 from line 5

7

8

Cost or other basis of property sold

8

9

Depreciation allowed or allowable

9

10

Adjusted basis. Subtract line 9 from line 8

10

11

Commissions and other expenses of sale

11

12

Income recapture from Form 4797, Part III (see instructions)

12

13

Add lines 10, 11, and 12

13

14

Subtract line 13 from line 5. If zero or less, do not complete the rest of this form (see instructions)

14

15

If the property described on line 1 above was your main home, enter the amount of your excluded gain (see instructions). Otherwise, enter -0-

15

16

Gross profit. Subtract line 15 from line 14

16

17

Subtract line 13 from line 6. If zero or less, enter -0-

17

18

Contract price. Add line 7 and line 17

18

Part II

Installment Sale Income. Complete this part for the year of sale and any year you receive a payment or have certain debts you must treat as a payment on installment obligations.

19

Gross profit percentage. Divide line 16 by line 18. For years after the year of sale, see instructions

19

.4201869

20

If this is the year of sale, enter the amount from line 17. Otherwise, enter -0-

20

21

Payments received during year (see instructions). Do not include interest, whether stated or unstated

21

566,365

22

Add lines 20 and 21

22

566,365

23

Payments received in prior years (see instructions). Do not include interest, whether stated or unstated

23

1,000,001

24

Installment sale income. Multiply line 22 by line 19

24

237,979

25

Enter the part of line 24 that is ordinary income under the recapture rules (see instructions)

25

26

Subtract line 25 from line 24. Enter here and on Schedule D or Form 4797 (see instructions)

26

237,979

Part III

Related Party Installment Sale Income. Do not complete if you received the final payment this tax year.

27

Name, address, and taxpayer identifying number of related party

28

Did the related party resell or dispose of the property ("second disposition") during this tax year?

☐ Yes

☐ No

29

If the answer to question 28 is "Yes," complete lines 30 through 37 below unless one of the following conditions is met. Check the box that applies.

a

☐ The second disposition was more than 2 years after the first disposition (other than dispositions of marketable securities). If this box is checked, enter the date of disposition (month, day, year) ►

/

/

b

☐ The first disposition was a sale or exchange of stock to the issuing corporation.

c

☐ The second disposition was an involuntary conversion and the threat of conversion occurred after the first disposition.

d

☐ The second disposition occurred after the death of the original seller or buyer.

e

☐ It can be established to the satisfaction of the Internal Revenue Service that tax avoidance was not a principal purpose for either of the dispositions. If this box is checked, attach an explanation (see instructions).

30

Selling price of property sold by related party (see instructions)

30

31

Enter contract price from line 18 for year of first sale

31

32

Enter the smaller of line 30 or line 31

32

33

Total payments received by the end of your 2007 tax year (see instructions)

33

34

Subtract line 33 from line 32. If zero or less, enter -0-

34

35

Multiply line 34 by the gross profit percentage on line 19 for year of first sale

35

36

Enter the part of line 35 that is ordinary income under the recapture rules (see instructions)

36

37

Subtract line 36 from line 35. Enter here and on Schedule D or Form 4797 (see instructions)

37

For Paperwork Reduction Act Notice, see page 4.

Cat. No. 13601R

Form 6252 (2007)

Form

6252Department of the Treasury
Internal Revenue Service**Installment Sale Income**

- **Attach to your tax return.**
- **Use a separate form for each sale or other disposition of property on the installment method.**

OMB No. 1545-0228

2007Attachment
Sequence No. **79**

Name(s) shown on return

Identifying number

SHOEBILL UNLIMITED**69-0000005**1 Description of property ► **BOTTLING MACHINE**2a Date acquired (month, day, year) ► **04 / 30 / 2004** b Date sold (month, day, year) ► **06 / 30 / 2007**3 Was the property sold to a related party (see instructions) after May 14, 1980? If "No," skip line 4. . . . ☐ Yes ☒ No4 Was the property you sold to a related party a marketable security? If "Yes," complete Part III. If "No," complete Part III for the year of sale and the 2 years after the year of sale ☐ Yes ☐ No**Part I Gross Profit and Contract Price.** Complete this part for the year of sale only.

5	Selling price including mortgages and other debts. Do not include interest whether stated or unstated	5	3,150,000
6	Mortgages, debts, and other liabilities the buyer assumed or took the property subject to (see instructions)	6	
7	Subtract line 6 from line 5	7	3,150,000
8	Cost or other basis of property sold	8	600,000
9	Depreciation allowed or allowable	9	150,000
10	Adjusted basis. Subtract line 9 from line 8	10	450,000
11	Commissions and other expenses of sale	11	
12	Income recapture from Form 4797, Part III (see instructions)	12	150,000
13	Add lines 10, 11, and 12	13	600,000
14	Subtract line 13 from line 5. If zero or less, do not complete the rest of this form (see instructions)	14	2,550,000
15	If the property described on line 1 above was your main home, enter the amount of your excluded gain (see instructions). Otherwise, enter -0-	15	
16	Gross profit. Subtract line 15 from line 14	16	2,550,000
17	Subtract line 13 from line 6. If zero or less, enter -0-	17	
18	Contract price. Add line 7 and line 17	18	3,150,000

Part II Installment Sale Income. Complete this part for the year of sale **and** any year you receive a payment or have certain debts you must treat as a payment on installment obligations.

19	Gross profit percentage. Divide line 16 by line 18. For years after the year of sale, see instructions	19	.80952381
20	If this is the year of sale, enter the amount from line 17. Otherwise, enter -0-	20	
21	Payments received during year (see instructions). Do not include interest, whether stated or unstated	21	0
22	Add lines 20 and 21	22	0
23	Payments received in prior years (see instructions). Do not include interest, whether stated or unstated	23	
24	Installment sale income. Multiply line 22 by line 19	24	0
25	Enter the part of line 24 that is ordinary income under the recapture rules (see instructions)	25	
26	Subtract line 25 from line 24. Enter here and on Schedule D or Form 4797 (see instructions)	26	0

Part III Related Party Installment Sale Income. **Do not** complete if you received the final payment this tax year.

27 Name, address, and taxpayer identifying number of related party

28 Did the related party resell or dispose of the property ("second disposition") during this tax year? ☐ Yes ☐ No

29 If the answer to question 28 is "Yes," complete lines 30 through 37 below unless one of the following conditions is met. Check the box that applies.

a ☐ The second disposition was more than 2 years after the first disposition (other than dispositions of marketable securities). If this box is checked, enter the date of disposition (month, day, year) ►

b ☐ The first disposition was a sale or exchange of stock to the issuing corporation.

c ☐ The second disposition was an involuntary conversion and the threat of conversion occurred after the first disposition.

d ☐ The second disposition occurred after the death of the original seller or buyer.

e ☐ It can be established to the satisfaction of the Internal Revenue Service that tax avoidance was not a principal purpose for either of the dispositions. If this box is checked, attach an explanation (see instructions).

30 Selling price of property sold by related party (see instructions)

31 Enter contract price from line 18 for year of first sale

32 Enter the **smaller** of line 30 or line 31

33 Total payments received by the end of your 2007 tax year (see instructions)

34 Subtract line 33 from line 32. If zero or less, enter -0-

35 Multiply line 34 by the gross profit percentage on line 19 for year of first sale

36 Enter the part of line 35 that is ordinary income under the recapture rules (see instructions)

37 Subtract line 36 from line 35. Enter here and on Schedule D or Form 4797 (see instructions)

30

31

32

33

34

35

36

37

Form
(Rev. December 2006)
Department of the Treasury
Internal Revenue Service

8825

Rental Real Estate Income and Expenses of a Partnership or an S Corporation

▶ See instructions on back.
▶ Attach to Form 1065, Form 1065-B, or Form 1120S.

OMB No. 1545-1186

Name
SHOEBILL UNLIMITED

Employer identification number
69-0000005

1 Show the kind and location of each property. See page 2 to list additional properties.

A WAREHOUSE

B

C

D

		Properties							
Rental Real Estate Income		A		B		C		D	
2	Gross rents	2	7,381,514						
Rental Real Estate Expenses									
3	Advertising	3	4,230						
4	Auto and travel	4	7,135						
5	Cleaning and maintenance	5							
6	Commissions	6	21,300						
7	Insurance	7	155,940						
8	Legal and other professional fees	8	38,342						
9	Interest	9	406,581						
10	Repairs	10	3,220						
11	Taxes	11	5,704						
12	Utilities	12	7,311						
13	Wages and salaries	13	126,211						
14	Depreciation (see instructions)	14	5,726,037						
15	Other (list) ▶	15							
16	Total expenses for each property. Add lines 3 through 15	16	6,502,011						

17 Total gross rents. Add gross rents from line 2, columns A through H

18 Total expenses. Add total expenses from line 16, columns A through H

19 Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities

20a Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1)

b Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed:

(1) Name

(2) Employer identification number

21 Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on: • Form 1065 or 1120S: Schedule K, line 2, or • Form 1065-B: Part I, line 4

17 7,381,514

18 (6,502,011)

19 150,000

20a

21 1,029,503

For Paperwork Reduction Act Notice, see back of form.

Cat. No. 10136Z

Form 8825 (12-2006)

1

Show the kind and location of each property.

E

F

G

H

		Properties							
		E		F		G		H	
Rental Real Estate Income									
2	Gross rents	2							
Rental Real Estate Expenses									
3	Advertising	3							
4	Auto and travel.	4							
5	Cleaning and maintenance.	5							
6	Commissions	6							
7	Insurance	7							
8	Legal and other professional fees.	8							
9	Interest	9							
10	Repairs	10							
11	Taxes	11							
12	Utilities	12							
13	Wages and salaries	13							
14	Depreciation (see instructions)	14							
15	Other (list) ►	15							
16	Total expenses for each property. Add lines 3 through 15	16							

Instructions

Section references are to the Internal Revenue Code.

What’s New

The IRS will revise this December 2006 version of Form 8825 only when necessary. Continue to use this version of the form for tax years beginning after 2006 until a new revision is issued.

Purpose of form.

Partnerships and S corporations use Form 8825 to report income and deductible expenses from rental real estate activities, including net income (loss) from rental real estate activities that flow through from partnerships, estates, or trusts.

Before completing this form, be sure to read:

• Passive Activity Limitations in the instructions for Form 1065 or Form 1120S, or Passive Loss Limitation Activities in the instructions for Form 1065-B, especially for the definition of “rental activity.”

• Extraterritorial Income Exclusion in the instructions for Form 1065, 1065-B, or 1120S.

Specific Instructions.

Form 8825 provides space for up to eight properties. If there are more than eight properties, attach additional Forms 8825.

The number of columns to be used for reporting income and expenses on this form may differ from the number of rental real estate activities the partnership or S corporation has for purposes of the passive activity limitations. For example, a partnership owns two apartment buildings, each located in a different city. For purposes of the passive activity limitations, the partnership grouped both buildings into a single activity. Although the partnership has only one rental real estate activity for purposes of the

passive activity limitations, it must report the income and deductions for each building in separate columns.

However, if the partnership or S corporation has more than one rental real estate activity for purposes of the passive activity limitations, attach a statement to Schedule K that reports the net income (loss) for each separate activity. Also, attach a statement to each Schedule K-1 that reports each partner’s or shareholder’s share of the net income (loss) by separate activity (except for limited partners in an electing large partnership). See *Passive Activity Reporting Requirements* in the instructions for Form 1065, Form 1065-B, or Form 1120S for additional information that must be provided for each activity.

Complete lines 1 through 16 for each property. But complete lines 17 through 21 on only one Form 8825. The figures on lines 17 and 18 should be the combined totals for all forms.

Do not report on Form 8825 any:

• Income or deductions from a trade or business activity or a rental activity other than rental real estate. These items are reported elsewhere.

• Portfolio income or deductions.

• Section 179 expense deduction.

• Other items that must be reported separately to the partners or shareholders.

• Commercial revitalization deductions.

Line 1.

Show the kind of property rented out (for example, “apartment building”). Give the street address, city or town, and state.

Line 14.

The partnership or S corporation may claim a depreciation deduction each year for

rental property (except for land, which is not depreciable). If the partnership or S corporation placed property in service during the current tax year or claimed depreciation on any vehicle or other listed property, complete and attach Form 4562, Depreciation and Amortization. See Form 4562 and its instructions to figure the depreciation deduction.


Paperwork Reduction Act Notice.

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: Recordkeeping, 6 hr., 27 min.; Learning about the law or the form, 34 min.; Preparing the form, 1 hr., 37 min.; Copying, assembling, and sending the form to the IRS, 16 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

 Printed on recycled paper

Form 8825 (12-2006)

Page 107 of 194

SCHEDULE F
(Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Profit or Loss From Farming

OMB No. 1545-0074
2007
Attachment
Sequence No. **14**

► Attach to Form 1040, Form 1040NR, Form 1041, Form 1065, or Form 1065-B.

► See Instructions for Schedule F (Form 1040).

Name of proprietor
BROWNS COWS

Social security number (SSN)

A Principal product. Describe in one or two words your principal crop or activity for the current tax year.
DAIRY CATTLE

B Enter code from Part IV
► **1 1 2 1 2 0**

C Accounting method: (1) ☒ Cash (2) ☐ Accrual

D Employer ID number (EIN), if any
6 9 0 0 0 0 2 5

E Did you "materially participate" in the operation of this business during 2007? If "No," see page F-2 for limit on passive losses. ☒ Yes ☐ No

Part I Farm Income—Cash Method. Complete Parts I and II (Accrual method. Complete Parts II and III, and Part I, line 11.)
Do not include sales of livestock held for draft, breeding, sport, or dairy purposes. Report these sales on Form 4797.

1	Sales of livestock and other items you bought for resale	1	135,960		
2	Cost or other basis of livestock and other items reported on line 1	2	65,230		
3	Subtract line 2 from line 1	3	70,730		
4	Sales of livestock, produce, grains, and other products you raised	4	2,630,180		
5a	Cooperative distributions (Form(s) 1099-PATR)	5a	11,450	5b Taxable amount	5b 11,450
6a	Agricultural program payments (see page F-3)	6a	67,810	6b Taxable amount	6b 67,810
7	Commodity Credit Corporation (CCC) loans (see page F-3):				
a	CCC loans reported under election	7a	6,650		
b	CCC loans forfeited	7b		7c Taxable amount	7c
8	Crop insurance proceeds and federal crop disaster payments (see page F-3):				
a	Amount received in 2007	8a		8b Taxable amount	8b
c	If election to defer to 2008 is attached, check here ► <input type="checkbox"/>	8d		Amount deferred from 2006	8d
9	Custom hire (machine work) income	9	12,580		
10	Other income, including federal and state gasoline or fuel tax credit or refund (see page F-3)	10	1,420		
11	Gross income. Add amounts in the right column for lines 3 through 10. If you use the accrual method, enter the amount from Part III, line 51	11	2,800,820		

Part II Farm Expenses—Cash and Accrual Method.
Do not include personal or living expenses such as taxes, insurance, or repairs on your home.

12	Car and truck expenses (see page F-4). Also attach Form 4562	12	49,690	25	Pension and profit-sharing plans	25	
13	Chemicals	13		26	Rent or lease (see page F-5):		
14	Conservation expenses (see page F-4)	14	67,810	a	Vehicles, machinery, and equipment	26a	96,600
15	Custom hire (machine work)	15	80,550	b	Other (land, animals, etc.)	26b	135,040
16	Depreciation and section 179 expense deduction not claimed elsewhere (see page F-4)	16	338,370	27	Repairs and maintenance	27	58,750
17	Employee benefit programs other than on line 25	17		28	Seeds and plants	28	11,680
18	Feed	18	508,140	29	Storage and warehousing	29	74,330
19	Fertilizers and lime	19	65,440	30	Supplies	30	32,010
20	Freight and trucking	20	37,130	31	Taxes	31	55,040
21	Gasoline, fuel, and oil	21	62,160	32	Utilities	32	85,080
22	Insurance (other than health)	22	33,620	33	Veterinary, breeding, and medicine	33	
23	Interest:			34	Other expenses (specify):		
a	Mortgage (paid to banks, etc.)	23a	31,750	a	.....	34a	
b	Other	23b	77,380	b	.....	34b	
24	Labor hired (less employment credits)	24	263,680	c	.....	34c	
				d	.....	34d	
				e	.....	34e	
				f	.....	34f	
35	Total expenses. Add lines 12 through 34f. If line 34f is negative, see instructions	35	2,164,250				
36	Net farm profit or (loss). Subtract line 35 from line 11. • If a profit, enter the profit on Form 1040, line 18, and also on Schedule SE, line 1. If you file Form 1040NR, enter the profit on Form 1040NR, line 19. • If a loss, you must go to line 37. Estates, trusts, and partnerships, see page F-6.	36	636,570				
37	If you have a loss, you must check the box that describes your investment in this activity (see page F-6). • If you checked 37a, enter the loss on Form 1040, line 18, and also on Schedule SE, line 1. If you file Form 1040NR, enter the loss on Form 1040NR, line 19. • If you checked 37b, you must attach Form 6198. Your loss may be limited.			37a	<input type="checkbox"/> All investment is at risk.		
				37b	<input type="checkbox"/> Some investment is not at risk.		

For Paperwork Reduction Act Notice, see page F-7 of the instructions.

Cat. No. 11346H

Schedule F (Form 1040) 2007

Part III Farm Income—Accrual Method (see page F-7).

Do not include sales of livestock held for draft, breeding, sport, or dairy purposes. Report these sales on Form 4797 and do not include this livestock on line 46 below.

38	Sales of livestock, produce, grains, and other products	38		
39a	Cooperative distributions (Form(s) 1099-PATR)	39a		
		39b	Taxable amount	39b
40a	Agricultural program payments	40a		
		40b	Taxable amount	40b
41	Commodity Credit Corporation (CCC) loans:			
a	CCC loans reported under election	41a		
b	CCC loans forfeited	41b		
		41c	Taxable amount	41c
42	Crop insurance proceeds	42		
43	Custom hire (machine work) income	43		
44	Other income, including federal and state gasoline or fuel tax credit or refund	44		
45	Add amounts in the right column for lines 38 through 44.	45		
46	Inventory of livestock, produce, grains, and other products at beginning of the year	46		
47	Cost of livestock, produce, grains, and other products purchased during the year	47		
48	Add lines 46 and 47.	48		
49	Inventory of livestock, produce, grains, and other products at end of year	49		
50	Cost of livestock, produce, grains, and other products sold. Subtract line 49 from line 48*.	50		
51	Gross income. Subtract line 50 from line 45. Enter the result here and on Part I, line 11	51		

*If you use the unit-livestock-price method or the farm-price method of valuing inventory and the amount on line 49 is larger than the amount on line 48, subtract line 48 from line 49. Enter the result on line 50. Add lines 45 and 50. Enter the total on line 51 and on Part I, line 11.

Part IV Principal Agricultural Activity Codes



File Schedule C (Form 1040) or Schedule C-EZ (Form 1040) instead of Schedule F if (a) your principal source of income is from providing agricultural services such as soil preparation, veterinary, farm labor, horticultural, or management for a fee or on a contract basis, or (b) you are engaged in the business of breeding, raising, and caring for dogs, cats, or other pet animals.

These codes for the Principal Agricultural Activity classify farms by their primary activity to facilitate the administration of the Internal Revenue Code. These six-digit codes are based on the North American Industry Classification System (NAICS).
Select the code that best identifies your primary farming activity and enter the six digit number on page 1, line B.

Crop Production

- 111100 Oilseed and grain farming
- 111210 Vegetable and melon farming

- 111300 Fruit and tree nut farming
- 111400 Greenhouse, nursery, and floriculture production
- 111900 Other crop farming

Animal Production

- 112111 Beef cattle ranching and farming
- 112112 Cattle feedlots
- 112120 Dairy cattle and milk production
- 112210 Hog and pig farming
- 112300 Poultry and egg production
- 112400 Sheep and goat farming
- 112510 Aquaculture
- 112900 Other animal production

Forestry and Logging

- 113000 Forestry and logging (including forest nurseries and timber tracts)

651107

Schedule K-1
(Form 1065)**2007**Department of the Treasury
Internal Revenue ServiceFor calendar year 2007, or tax
year beginning _____, 2007
ending _____, 20____**Partner's Share of Income, Deductions,
Credits, etc.**

► See back of form and separate instructions.

Part I Information About the Partnership	
A	Partnership's employer identification number 69-0000005
B	Partnership's name, address, city, state, and ZIP code SHOEBILL UNLIMITED 5551 ELLIOT ROAD SALT LAKE CITY, UT 84101
C	IRS Center where partnership filed return OGDEN
D	<input type="checkbox"/> Check if this is a publicly traded partnership (PTP)
E	<input type="checkbox"/> Tax shelter registration number, if any _____
F	<input type="checkbox"/> Check if Form 8271 is attached

Part II Information About the Partner													
G	Partner's identifying number 000-40-0001												
H	Partner's name, address, city, state, and ZIP code DAVID BOXWOOD 348 NIXON CIRCLE BOISE, ID 83708												
I	<input checked="" type="checkbox"/> General partner or LLC member-manager <input type="checkbox"/> Limited partner or other LLC member												
J	<input checked="" type="checkbox"/> Domestic partner <input type="checkbox"/> Foreign partner												
K	What type of entity is this partner? INDIVIDUAL												
L	Partner's share of profit, loss, and capital: <table border="1"><thead><tr><th></th><th>Beginning</th><th>Ending</th></tr></thead><tbody><tr><td>Profit</td><td>25 %</td><td>25 %</td></tr><tr><td>Loss</td><td>25 %</td><td>25 %</td></tr><tr><td>Capital</td><td>25 %</td><td>25 %</td></tr></tbody></table>		Beginning	Ending	Profit	25 %	25 %	Loss	25 %	25 %	Capital	25 %	25 %
	Beginning	Ending											
Profit	25 %	25 %											
Loss	25 %	25 %											
Capital	25 %	25 %											
M	Partner's share of liabilities at year end: Nonrecourse \$ _____ Qualified nonrecourse financing . . . \$ _____ Recourse \$ 20,317,292												
N	Partner's capital account analysis: <table border="1"><tbody><tr><td>Beginning capital account \$</td><td>4,393,744</td></tr><tr><td>Capital contributed during the year . . . \$</td><td>125,000</td></tr><tr><td>Current year increase (decrease) . . . \$</td><td>4,209,774</td></tr><tr><td>Withdrawals & distributions . . . \$ (_____)</td><td></td></tr><tr><td>Ending capital account \$</td><td>8,728,518</td></tr></tbody></table> <input checked="" type="checkbox"/> Tax basis <input type="checkbox"/> GAAP <input type="checkbox"/> Section 704(b) book <input type="checkbox"/> Other (explain) _____	Beginning capital account \$	4,393,744	Capital contributed during the year . . . \$	125,000	Current year increase (decrease) . . . \$	4,209,774	Withdrawals & distributions . . . \$ (_____)		Ending capital account \$	8,728,518		
Beginning capital account \$	4,393,744												
Capital contributed during the year . . . \$	125,000												
Current year increase (decrease) . . . \$	4,209,774												
Withdrawals & distributions . . . \$ (_____)													
Ending capital account \$	8,728,518												

☐ Final K-1☐ Amended K-1

OMB No. 1545-0099

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items			
1	Ordinary business income (loss)	15	Credits
	3,043,345		
2	Net rental real estate income (loss)		
	257,376		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
	442,901		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
	637,500		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
			A 200,000
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
	59,495		
11	Other income (loss)		
			C 14,101
		19	Distributions
12	Section 179 deduction		
13	Other deductions		
		20	Other information
			A 442,901
14	Self-employment earnings (loss)		
	A 3,300,721		
	C 3,300,721		
*See attached statement for additional information.			
For IRS Use Only			

651107

**Schedule K-1
(Form 1065)****2007**Department of the Treasury
Internal Revenue ServiceFor calendar year 2007, or tax
year beginning _____, 2007
ending _____, 20____**Partner's Share of Income, Deductions,
Credits, etc.**

► See back of form and separate instructions.

Part I Information About the Partnership													
A	Partnership's employer identification number 69-0000005												
B	Partnership's name, address, city, state, and ZIP code SHOEBILL UNLIMITED 5551 ELLIOT ROAD SALT LAKE CITY, UT 84101												
C	IRS Center where partnership filed return OGDEN												
D	<input type="checkbox"/> Check if this is a publicly traded partnership (PTP)												
E	<input type="checkbox"/> Tax shelter registration number, if any _____												
F	<input type="checkbox"/> Check if Form 8271 is attached												
Part II Information About the Partner													
G	Partner's identifying number 000-40-0002												
H	Partner's name, address, city, state, and ZIP code JOSHUA PLUM 2894 N 6352 SOUTH RENO, NV 89510												
I	<input type="checkbox"/> General partner or LLC member-manager <input checked="" type="checkbox"/> Limited partner or other LLC member												
J	<input checked="" type="checkbox"/> Domestic partner <input type="checkbox"/> Foreign partner												
K	What type of entity is this partner? INDIVIDUAL												
L	Partner's share of profit, loss, and capital: <table border="1"><thead><tr><th></th><th>Beginning</th><th>Ending</th></tr></thead><tbody><tr><td>Profit</td><td>25 %</td><td>25 %</td></tr><tr><td>Loss</td><td>25 %</td><td>25 %</td></tr><tr><td>Capital</td><td>25 %</td><td>25 %</td></tr></tbody></table>		Beginning	Ending	Profit	25 %	25 %	Loss	25 %	25 %	Capital	25 %	25 %
	Beginning	Ending											
Profit	25 %	25 %											
Loss	25 %	25 %											
Capital	25 %	25 %											
M	Partner's share of liabilities at year end: <table border="1"><tbody><tr><td>Nonrecourse</td><td>.\$ _____</td></tr><tr><td>Qualified nonrecourse financing</td><td>.\$ _____</td></tr><tr><td>Recourse</td><td>.\$ _____</td></tr></tbody></table>	Nonrecourse	.\$ _____	Qualified nonrecourse financing	.\$ _____	Recourse	.\$ _____						
Nonrecourse	.\$ _____												
Qualified nonrecourse financing	.\$ _____												
Recourse	.\$ _____												
N	Partner's capital account analysis: <table border="1"><tbody><tr><td>Beginning capital account</td><td>.\$ 4,393,744</td></tr><tr><td>Capital contributed during the year</td><td>.\$ 125,000</td></tr><tr><td>Current year increase (decrease)</td><td>.\$ 4,209,774</td></tr><tr><td>Withdrawals & distributions</td><td>.\$ (_____)</td></tr><tr><td>Ending capital account</td><td>.\$ 8,728,518</td></tr></tbody></table> <input checked="" type="checkbox"/> Tax basis <input type="checkbox"/> GAAP <input type="checkbox"/> Section 704(b) book <input type="checkbox"/> Other (explain) _____	Beginning capital account	.\$ 4,393,744	Capital contributed during the year	.\$ 125,000	Current year increase (decrease)	.\$ 4,209,774	Withdrawals & distributions	.\$ (_____)	Ending capital account	.\$ 8,728,518		
Beginning capital account	.\$ 4,393,744												
Capital contributed during the year	.\$ 125,000												
Current year increase (decrease)	.\$ 4,209,774												
Withdrawals & distributions	.\$ (_____)												
Ending capital account	.\$ 8,728,518												

☐ Final K-1☐ Amended K-1

OMB No. 1545-0099

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items			
1	Ordinary business income (loss) 3,043,345	15	Credits
2	Net rental real estate income (loss) 257,376		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income 442,901		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties 637,500		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items A 200,000
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss) 59,495	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
			C 14,101
		19	Distributions
12	Section 179 deduction		
13	Other deductions	20	Other information A 442,901
14	Self-employment earnings (loss)		
*See attached statement for additional information.			
For IRS Use Only			

651107

**Schedule K-1
(Form 1065)****2007**Department of the Treasury
Internal Revenue ServiceFor calendar year 2007, or tax
year beginning _____, 2007
ending _____, 20____**Partner's Share of Income, Deductions,
Credits, etc.**

► See back of form and separate instructions.

Part I Information About the Partnership	
A	Partnership's employer identification number 69-0000005
B	Partnership's name, address, city, state, and ZIP code SHOEBILL UNLIMITED 5551 ELLIOT ROAD SALT LAKE CITY, UT 84101
C	IRS Center where partnership filed return OGDEN
D	<input type="checkbox"/> Check if this is a publicly traded partnership (PTP)
E	<input type="checkbox"/> Tax shelter registration number, if any _____
F	<input type="checkbox"/> Check if Form 8271 is attached

Part II Information About the Partner													
G	Partner's identifying number 000-40-0003												
H	Partner's name, address, city, state, and ZIP code TONY CYPRESS 4810 SOUTH 19 WEST SAN FRANCISCO, CA 94104												
I	<input type="checkbox"/> General partner or LLC member-manager <input checked="" type="checkbox"/> Limited partner or other LLC member												
J	<input checked="" type="checkbox"/> Domestic partner <input type="checkbox"/> Foreign partner												
K	What type of entity is this partner? INDIVIDUAL												
L	Partner's share of profit, loss, and capital: <table border="1"><thead><tr><th></th><th>Beginning</th><th>Ending</th></tr></thead><tbody><tr><td>Profit</td><td>25 %</td><td>25 %</td></tr><tr><td>Loss</td><td>25 %</td><td>25 %</td></tr><tr><td>Capital</td><td>25 %</td><td>25 %</td></tr></tbody></table>		Beginning	Ending	Profit	25 %	25 %	Loss	25 %	25 %	Capital	25 %	25 %
	Beginning	Ending											
Profit	25 %	25 %											
Loss	25 %	25 %											
Capital	25 %	25 %											
M	Partner's share of liabilities at year end: Nonrecourse \$ _____ Qualified nonrecourse financing . . . \$ _____ Recourse \$ _____												
N	Partner's capital account analysis: <table border="1"><tbody><tr><td>Beginning capital account \$</td><td>4,393,744</td></tr><tr><td>Capital contributed during the year . . . \$</td><td>125,000</td></tr><tr><td>Current year increase (decrease) . . . \$</td><td>4,209,774</td></tr><tr><td>Withdrawals & distributions . . . \$ ()</td><td></td></tr><tr><td>Ending capital account \$</td><td>8,728,518</td></tr></tbody></table> <input checked="" type="checkbox"/> Tax basis <input type="checkbox"/> GAAP <input type="checkbox"/> Section 704(b) book <input type="checkbox"/> Other (explain) _____	Beginning capital account \$	4,393,744	Capital contributed during the year . . . \$	125,000	Current year increase (decrease) . . . \$	4,209,774	Withdrawals & distributions . . . \$ ()		Ending capital account \$	8,728,518		
Beginning capital account \$	4,393,744												
Capital contributed during the year . . . \$	125,000												
Current year increase (decrease) . . . \$	4,209,774												
Withdrawals & distributions . . . \$ ()													
Ending capital account \$	8,728,518												

☐ Final K-1☐ Amended K-1

OMB No. 1545-0099

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items			
1	Ordinary business income (loss)	15	Credits
	3,043,345		
2	Net rental real estate income (loss)		
	257,376		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
	442,901		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
	637,500		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
			A 200,000
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
	59,495		
11	Other income (loss)		
			C 14,101
		19	Distributions
12	Section 179 deduction		
13	Other deductions	20	Other information
			A 442,901
14	Self-employment earnings (loss)		
*See attached statement for additional information.			
For IRS Use Only			

651107

**Schedule K-1
(Form 1065)****2007**Department of the Treasury
Internal Revenue ServiceFor calendar year 2007, or tax
year beginning _____, 2007
ending _____, 20____**Partner's Share of Income, Deductions,
Credits, etc.**

► See back of form and separate instructions.

Part I Information About the Partnership																					
A Partnership's employer identification number 69-0000005																					
B Partnership's name, address, city, state, and ZIP code SHOEBILL UNLIMITED 5551 ELLIOT ROAD SALT LAKE CITY, UT 84101																					
C IRS Center where partnership filed return OGDEN																					
D <input type="checkbox"/> Check if this is a publicly traded partnership (PTP) E <input type="checkbox"/> Tax shelter registration number, if any _____ F <input type="checkbox"/> Check if Form 8271 is attached																					
Part II Information About the Partner																					
G Partner's identifying number 69-4000004																					
H Partner's name, address, city, state, and ZIP code REDBIRD TREES 7272 WEST TURMAN AVE SACRAMENTO, CA 95813																					
I <input type="checkbox"/> General partner or LLC member-manager <input checked="" type="checkbox"/> Limited partner or other LLC member J <input checked="" type="checkbox"/> Domestic partner <input type="checkbox"/> Foreign partner																					
K What type of entity is this partner? PARTNERSHIP																					
L Partner's share of profit, loss, and capital: <table style="width:100%; border-collapse: collapse;"><thead><tr><th style="width: 40%;"></th><th style="width: 10%; text-align: center;">Beginning</th><th style="width: 10%;"></th><th style="width: 10%; text-align: center;">Ending</th><th style="width: 10%;"></th></tr></thead><tbody><tr><td>Profit</td><td style="text-align: center;">25</td><td style="text-align: center;">%</td><td style="text-align: center;">25</td><td style="text-align: center;">%</td></tr><tr><td>Loss</td><td style="text-align: center;">25</td><td style="text-align: center;">%</td><td style="text-align: center;">25</td><td style="text-align: center;">%</td></tr><tr><td>Capital</td><td style="text-align: center;">25</td><td style="text-align: center;">%</td><td style="text-align: center;">25</td><td style="text-align: center;">%</td></tr></tbody></table>		Beginning		Ending		Profit	25	%	25	%	Loss	25	%	25	%	Capital	25	%	25	%	
	Beginning		Ending																		
Profit	25	%	25	%																	
Loss	25	%	25	%																	
Capital	25	%	25	%																	
M Partner's share of liabilities at year end: Nonrecourse \$ _____ Qualified nonrecourse financing . . . \$ _____ Recourse \$ _____																					
N Partner's capital account analysis: Beginning capital account \$ 4,393,745 Capital contributed during the year . . . \$ 125,000 Current year increase (decrease) . . . \$ 4,209,773 Withdrawals & distributions . . . \$ (_____) Ending capital account \$ 8,728,518 <input checked="" type="checkbox"/> Tax basis <input type="checkbox"/> GAAP <input type="checkbox"/> Section 704(b) book <input type="checkbox"/> Other (explain) _____																					

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items			
1	Ordinary business income (loss) 3,043,345	15	Credits
2	Net rental real estate income (loss) 257,375		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income 442,901		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties 637,500		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items A 200,000
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss) 59,494	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		C 14,101
		19	Distributions
12	Section 179 deduction		
13	Other deductions	20	Other information A 442,901
14	Self-employment earnings (loss)		
*See attached statement for additional information.			
For IRS Use Only			

TEST SCENARIO 6**FORMS REQUIRED:**

1065-B, 4797, 1065-B SCH K-1 (2), Form 8453-B

ATTACHMENTS:

Itemized Other Deductions Schedule
Inventoriable Costs Paid Schedule
Balance Sheet Discrepancy Statement
Schedule L Other Current Assets Statement

BINARY ATTACHMENTS: Scanned Form 8453-B (8453 Signature Document)**HEADER INFO****Tax Period:** Calendar Year 2007

Preparer Firm: Electronic Tax Filers, Inc 69-0000098
1065 Efile Drive
Anytown, TX 79001

MultipleSoftwarePackagesUsed: Yes or No

Originator: EFIN: Self-select
Type: Self-select
PractitionerPIN: None
PIN Entered by – N/A

Signature Option: Binary Attachment 8453 Signature Document**Return Type:** 1065-B

Filer: EIN: 69-0000006
Name: ABC Oil and Gas L P
Name Control: ABCO
Address: 28 Oil Rig Rd
Anytown, TX 79001

Partner: Name: Jonathan Walker
Title: Chief Executive Officer
Taxpayer PIN: N/A
Phone: 555-555-0000
Email Address: Anymail@email.com
Date Signed: 04/10/2008

Preparer: Name: Jane Doe
SSN: 000-50-5555
Phone: 555-555-5555
Email Address: Anymail@email.com
Date Prepared: 04/10/2008
Self Employed: No

IRS PAYMENT: N/A

Details for attachments**Itemized Other Deductions Schedule** (Form 1065-B, Page 1, Line 23)

Type	Amount
Survey Costs	\$150,750
Permits	\$27,250
Professional Fees	\$46,140
Bank Fees	\$2,600

Inventoriable Costs Paid Schedule (Form 1065-B, Page 2, Schedule A, Line 5)

Type	Amount
Other Costs	\$576,000

Balance Sheet Discrepancy Statement (Form 1065-B, Page 5, Schedule L)

Describe balance sheet discrepancy

Schedule L Other Current Assets Statement (Form 1065-B, Page 5, Schedule L, Line 6)

Type	BOY Amount	EOY Amount
Prepaid Insurance	\$260,000	\$280,001
Other	\$1,600,720	\$1,630,110

Form

1065-B

Department of the Treasury
Internal Revenue Service

U.S. Return of Income for
Electing Large Partnerships

For calendar year 2007, or tax year beginning , 2007, and ending , 20 .
▶ See separate instructions.

OMB No. 1545-1626

2007

A Principal business activity MINING	Use the IRS label. Other- wise, print or type.	Name of partnership ABC OIL AND GAS LP	D Employer identification number 69 0000006
B Principal product or service OIL & GAS		Number, street, and room or suite no. If a P.O. box, see instructions. 28 OIL RIG RD	E Date business started 11/08/1999
C Business code no. (see instructions) 211110		City or town, state, and ZIP code ANYTOWN, TX 79001	F Total assets (see instructions) \$ 5,617,088

G Check applicable boxes: (1) ☐ Final return (2) ☐ Name change (3) ☐ Address change (4) ☐ Amended return

H Check accounting method: (1) ☐ Cash (2) ☒ Accrual (3) ☐ Other (specify) ▶

I Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ▶ 2

J Check if Schedule M-3 (Form 1065) is attached ▶ ☐

Part I Taxable Income or Loss From Passive Loss Limitation Activities

Income	1a	Gross receipts or sales	2,512,000	b	Less returns and allowances		c	Bal ▶	1c	2,512,000	
	2	Cost of goods sold (Schedule A, line 8)							2	576,000	
	3	Gross profit. Subtract line 2 from line 1c							3	1,936,000	
	4	Net rental real estate income (loss) (attach Form 8825)							4		
	5	Net income (loss) from other rental activities (attach schedule)							5		
	6	Ordinary income (loss) from other partnerships, estates, and trusts (attach schedule)							6		
	7	Net farm profit (loss) (attach Schedule F (Form 1040))							7		
	8	Excess of net short-term capital gain over net long-term capital loss (Schedule D, line 14)							8		
	9	Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)							9		
	10	Other income (loss) (see instructions) (attach schedule)							10		
	11	Total income (loss). Combine lines 3 through 10							11	1,936,000	
Deductions	12	Salaries and wages (other than to partners) (less employment credits)							12		
	13	Guaranteed payments to partners							13		
	14	Repairs and maintenance							14	224,165	
	15	Bad debts							15		
	16	Rent							16		
	17	Taxes and licenses							17		
	18	Interest							18		
	19a	Depreciation and section 179 expense deduction (see instructions)		19a							
	b	Less: depreciation reported on Schedule A and elsewhere on return		19b					19c		
	20	Depletion							20	148,180	
	21	Retirement plans, etc.							21		
	22	Employee benefit programs							22		
	23	Other deductions (attach schedule)							23	226,740	
	24	Total deductions. Add the amounts shown in the far right column for lines 12 through 23							24	599,085	
Tax and Payments	25	Taxable income (loss) from passive loss limitation activities. Subtract line 24 from line 11							25	1,336,915	
	26	Tax (see instructions). Check if from: a <input type="checkbox"/> Form 4255 b <input type="checkbox"/> Form 8611							26		
	27	Other payments. Check if from: a <input type="checkbox"/> Form 2439 b <input type="checkbox"/> Form 4136							27		
	28	Amount owed. Enter the excess of line 26 over line 27							28		
	29	Overpayment. Enter the excess of line 27 over line 26							29		

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.

Signature of general partner or limited liability company member manager

04/10/2008
Date

May the IRS discuss this return with the preparer shown below (see instructions)? ☐ Yes ☒ No

Paid Preparer's Use Only

Preparer's signature

Firm's name (or yours if self-employed), address, and ZIP code

Date

ELECTRONIC TAX FILERS INC
1065 EFILE DR, ANYTOWN, TX 79001

Check if self-employed ☐

EIN 69 0000098
Phone no. (555) 555-5555

Preparer's SSN or PTIN

000-50-5555

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 26265H

Form 1065-B (2007)

Page 116 of 194

Part II Taxable Income or Loss From Other Activities			
1	Interest		1550
2a	Total ordinary dividends.	2a	
b	Qualified dividends	2b	
c	Nonqualified dividends (subtract line 2b from 2a)	2c	
3	Gross royalties	3	
4	Excess of net short-term capital gain over net long-term capital loss (Schedule D, line 17)	4	
5	Other income (loss) (see instructions) (attach schedule)	5	
6	Total income (loss). Add lines 1, 2c, 3, 4, and 5	6	550
7	Interest expense on investment debts (attach Form 4952)	7	
8	State and local income taxes (see instructions)	8	
9	Charitable contributions (see instructions for limitations and required attachment)	9	
10a	Total miscellaneous itemized deductions	10a	
b	Deductible amount. Multiply line 10a by 30%	10b	
11	Other deductions (attach schedule)	11	
12	Total deductions. Add lines 7, 8, 9, 10b, and 11	12	
13	Taxable income (loss) from other activities. Subtract line 12 from line 6.	13	550

Schedule A Cost of Goods Sold (see instructions)			
1	Inventory at beginning of year.	1	
2	Purchases less cost of items withdrawn for personal use	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule).	4	
5	Other costs (attach schedule)	5	576,000
6	Total. Add lines 1 through 5	6	576,000
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	576,000
9a Check all methods used for valuing closing inventory:			
(i) <input type="checkbox"/> Cost as described in Regulations section 1.471-3			
(ii) <input type="checkbox"/> Lower of cost or market as described in Regulations section 1.471-4			
(iii) <input type="checkbox"/> Other (specify method used and attach explanation) ▶			
b Check this box if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) . . . ▶ <input type="checkbox"/>			
c Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970). . ▶ <input type="checkbox"/>			
d Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership? . . <input type="checkbox"/> Yes <input type="checkbox"/> No			
e Was there any change in determining quantities, cost, or valuations between opening and closing inventory? <input type="checkbox"/> Yes <input type="checkbox"/> No			
If "Yes," attach explanation.			

Schedule B Other Information (see instructions)		Yes	No
1 What type of entity is filing this return? Check the applicable box:			
a <input type="checkbox"/> Domestic general partnership	b <input checked="" type="checkbox"/> Domestic limited partnership		
c <input type="checkbox"/> Domestic limited liability company	d <input type="checkbox"/> Domestic limited liability partnership		
e <input type="checkbox"/> Foreign partnership	f <input type="checkbox"/> Other ▶		
2 Are any partners in this partnership also partnerships?			✓
3 During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign entity that was disregarded as an entity separate from its owner under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," see instructions for required attachment			✓
4 Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805, and 8813. (See instructions.)			✓
5 Is this partnership a publicly traded partnership as defined in section 469(k)(2)?			✓
6 Has this partnership filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?			✓
7 At any time during calendar year 2007, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country. ▶			✓
8 During the tax year, did the partnership receive a distribution from, or was it the grantor to, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520			✓
9 Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return. ▶			0

Schedule D Capital Gains and Losses

Part I—Short-Term Capital Gains and Losses—Assets Held 1 Year or Less					
(a) Description of property (e.g., 100 shares of "Z" Co.)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
1					
2	Short-term capital gain from installment sales from Form 6252, line 26 or 37				2
3	Short-term capital gain (loss) from like-kind exchanges from Form 8824				3
4	Net short-term capital gain or (loss). Combine lines 1 through 3 in column (f)				4
Part II—Long-Term Capital Gains and Losses—Assets Held More Than 1 Year					
(a) Description of property (e.g., 100 shares of "Z" Co.)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
5					
6	Enter gain from Form 4797, Part I				6
7	Long-term capital gain from installment sales from Form 6252, line 26 or 37				7
8	Long-term capital gain (loss) from like-kind exchanges from Form 8824				8
9	Net long-term capital gain or (loss). Combine lines 5 through 8 in column (f)				9
Part III—Summary of Parts I and II					
10	Combine lines 4 and 9 and enter the net gain (loss)				10
11	Enter excess of net short-term capital gain (line 4) over net long-term capital loss (line 9).				11
12	Net capital gain or (loss). Subtract line 11 from line 10.				12
Part IV—Net Capital Gain (Loss) From Passive Loss Limitation Activities					
13	Redetermine the amount on line 11 by taking into account only gains and losses from passive loss limitation activities				13
14	Excess of net short-term capital gain over net long-term capital loss. Enter the smaller of the amount on line 11 or line 13. Enter here and on page 1, Part I, line 8				14
15	Redetermine the amount on line 12 by taking into account only gains and losses from passive loss limitation activities				15
16	Net capital gain or (loss) from passive loss limitation activities. If lines 12 and 15 are both positive or both negative, enter the smaller of line 12 or line 15. Otherwise, enter -0-. Enter here and on Schedule K, line 4a				16
Note. When figuring whether line 12 or line 15 is smaller, treat both numbers as positive.					
Part V—Net Capital Gain (Loss) From Other Activities					
17	Excess of net short-term capital gain over net long-term capital loss. Subtract line 14 from line 11. Enter here and on page 2, Part II, line 4				17
18	Net capital gain or (loss) from other activities. Subtract line 16 from line 12. Enter here and on Schedule K, line 4b				18

Schedule K Partners' Shares of Income, Credits, Deductions, etc.						
(a) Distributive share items				(b) Total amount		
1a	Taxable income (loss) from passive loss limitation activities (Part I, line 25)			1a	1,336,915	
b	Amount on line 1a allocated to general partners as:					
	(1)	Taxable income (loss) from trade or business activities	1b(1) 668,458			
	(2)	Taxable income (loss) from rental real estate activities	1b(2)			
	(3)	Taxable income (loss) from other rental activities	1b(3)			
c	Total amount on line 1a allocated to general partners. Combine lines 1b(1) through 1b(3)			1c	668,458	
d	Taxable income (loss) from passive loss limitation activities allocated to limited partners. Subtract line 1c from line 1a (report on Schedules K-1, box 1)			1d	668,457	
2	Taxable income (loss) from other activities (Part II, line 13)			2	550	
3	Qualified dividends from other activities (Part II, line 2b)			3		
4a	Net capital gain (loss) from passive loss limitation activities (Schedule D, line 16)			4a		
b	Net capital gain (loss) from other activities (Schedule D, line 18)			4b	2,500	
5	Net passive alternative minimum tax adjustment			5		
6	Net other alternative minimum tax adjustment			6		
7	Guaranteed payments			7		
8	Income from discharge of indebtedness			8		
9	Tax-exempt interest income			9		
10	General credits (see instructions)			10		
11	Low-income housing credit (see instructions)			11		
12	Rehabilitation credit from rental real estate activities (attach Form 3468)			12		
13a	Net earnings (loss) from self-employment			13a	668,458	
b	Gross nonfarm income			13b		
14a	Name of foreign country or U.S. possession ▶			14b		
b	Gross income from all sources			14c		
c	Gross income sourced at partner level (attach schedule)					
d	Foreign gross income sourced at partnership level:					
	(1)	Passive category		14d(1)		
	(2)	General category		14d(2)		
	(3)	Other (attach schedule)		14d(3)		
e	Deductions allocated and apportioned at partner level:					
	(1)	Interest expense		14e(1)		
	(2)	Other		14e(2)		
f	Deductions allocated and apportioned at partnership level to foreign source income:					
	(1)	Passive category		14f(1)		
	(2)	General category		14f(2)		
	(3)	Other (attach schedule)		14f(3)		
g	Total foreign taxes (check one): ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/>			14g		
h	Reduction in taxes available for credit (attach schedule)			14h		
15	Other items and amounts required to be reported separately to partners (attach schedule)					
Analysis of Net Income (Loss)						
1	Net income (loss). In column (b), add lines 1c through 4b, 7, and 8. From the result, subtract line 14g				1	1,339,965
2	Analysis by partner type:					
	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other
a	General partners	669,982				
b	Limited partners		669,983			

Schedule L Balance Sheets per Books

Assets	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
1 Cash		565,010		855,185
2a Trade notes and accounts receivable				
b Less allowance for bad debts				
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities				
6 Other current assets (attach schedule)		1,860,720		1,910,111
7 Mortgage and real estate loans				
8 Other investments (attach schedule)				
9a Buildings and other depreciable assets.				
b Less accumulated depreciation				
10a Depletable assets	3,140,260		3,375,112	
b Less accumulated depletion	375,140	2,765,120	523,320	2,851,792
11 Land (net of any amortization)		10,000		
12a Intangible assets (amortizable only)				
b Less accumulated amortization				
13 Other assets (attach schedule)				
14 Total assets.		5,200,850		5,617,088
Liabilities and Capital				
15 Accounts payable		470,588		205,366
16 Mortgages, notes, bonds payable in less than 1 year				
17 Other current liabilities (attach schedule)				
18 All nonrecourse loans.		2,254,137		1,205,380
19 Mortgages, notes, bonds payable in 1 year or more				
20 Other liabilities (attach schedule)				
21 Partners' capital accounts		2,476,125		4,206,342
22 Total liabilities and capital		5,200,850		5,617,088

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return
Note. Schedule M-3 may be required instead of Schedule M-1 (see instructions).

1 Net income (loss) per books	1,357,037	6 Income recorded on books this year not included on Schedule K, lines 1c through 4b, and 8 (itemize):	
2 Income included on Schedule K, lines 1c through 4b, and 8, not recorded on books this year (itemize):		a Tax-exempt interest \$	
3 Guaranteed payments			
4 Expenses recorded on books this year not included on Schedule K, lines 1c through 4b, and 14g (itemize):		7 Deductions included on Schedule K, lines 1c through 4b, and 14g, not charged against book income this year (itemize):	
a Depreciation \$		a Depreciation \$	
b Travel and entertainment \$	57,140		
			74,212
	57,140	8 Add lines 6 and 7	74,212
5 Add lines 1 through 4	1,414,177	9 Income (loss). (Analysis of Net Income (Loss), line 1.) Subtract line 8 from line 5	1,339,965

Schedule M-2 Analysis of Partners' Capital Accounts

1 Balance at beginning of year	2,476,125	6 Distributions: a Cash	
2 Capital contributed: a Cash	373,180	b Property	
b Property		7 Other decreases (itemize):	
3 Net income (loss) per books	1,357,037	8 Add lines 6 and 7	
4 Other increases (itemize):		9 Balance at end of year. Subtract line 8 from line 5	4,206,342
5 Add lines 1 through 4	4,206,342		

Form

4797

Department of the Treasury
Internal Revenue Service (99)

Sales of Business Property

(Also Involuntary Conversions and Recapture Amounts
Under Sections 179 and 280F(b)(2))

► Attach to your tax return.► See separate instructions.

OMB No. 1545-0184

2007

Attachment
Sequence No. 27

Name(s) shown on return

ABC OIL AND GAS LP

Identifying number

69-0000006

1

Enter the gross proceeds from sales or exchanges reported to you for 2007 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions).

1

Part I

Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft—Most Property Held More Than 1 Year (see instructions)

(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
2 LAND	07/01/2000	06/30/2007	12,500		10,000	2,500
3 Gain, if any, from Form 4684, line 39						3
4 Section 1231 gain from installment sales from Form 6252, line 26 or 37						4
5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824						5
6 Gain, if any, from line 32, from other than casualty or theft						6
7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows:						7 2,500
Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.						
Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.						
8 Nonrecaptured net section 1231 losses from prior years (see instructions)						8
9 Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions).						9

Part II

Ordinary Gains and Losses (see instructions)

10

Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

11

Loss, if any, from line 7.

12

Gain, if any, from line 7 or amount from line 8, if applicable

13

Gain, if any, from line 31

14

Net gain or (loss) from Form 4684, lines 31 and 38a

15

Ordinary gain from installment sales from Form 6252, line 25 or 36

16

Ordinary gain or (loss) from like-kind exchanges from Form 8824

17

Combine lines 10 through 16

18

For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:

a

If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a." See instructions

18a

b

Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14

18b

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 13086I

Form 4797 (2007)

Part III

Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255
(see instructions)

19	(a) Description of section 1245, 1250, 1252, 1254, or 1255 property:	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
	A		
	B		
	C		
	D		

These columns relate to the properties on lines 19A through 19D. ►		Property A	Property B	Property C	Property D
20	Gross sales price (Note: See line 1 before completing.)	20			
21	Cost or other basis plus expense of sale	21			
22	Depreciation (or depletion) allowed or allowable	22			
23	Adjusted basis. Subtract line 22 from line 21	23			
24	Total gain. Subtract line 23 from line 20	24			
25	If section 1245 property:				
	a Depreciation allowed or allowable from line 22	25a			
	b Enter the smaller of line 24 or 25a	25b			
26	If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.				
	a Additional depreciation after 1975 (see instructions)	26a			
	b Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions)	26b			
	c Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e	26c			
	d Additional depreciation after 1969 and before 1976	26d			
	e Enter the smaller of line 26c or 26d	26e			
	f Section 291 amount (corporations only)	26f			
	g Add lines 26b, 26e, and 26f	26g			
27	If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).				
	a Soil, water, and land clearing expenses	27a			
	b Line 27a multiplied by applicable percentage (see instructions)	27b			
	c Enter the smaller of line 24 or 27b	27c			
28	If section 1254 property:				
	a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions)	28a			
	b Enter the smaller of line 24 or 28a	28b			
29	If section 1255 property:				
	a Applicable percentage of payments excluded from income under section 126 (see instructions)	29a			
	b Enter the smaller of line 24 or 29a (see instructions)	29b			

Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30.

30	Total gains for all properties. Add property columns A through D, line 24	30	
31	Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31	
32	Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6	32	

Part IV

Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less
(see instructions)

		(a) Section 179	(b) Section 280F(b)(2)
33	Section 179 expense deduction or depreciation allowable in prior years	33	
34	Recomputed depreciation (see instructions).	34	
35	Recapture amount. Subtract line 34 from line 33. See the instructions for where to report	35	

☐ CORRECTED

☐ PUBLICLY TRADED PARTNERSHIP

PARTNERSHIP'S name, street address, city, state, and ZIP code. ABC OIL AND GAS LP 28 OIL RIG RD ANYTOWN, TX 79001		1 Taxable income (loss) from passive activities 668,457	OMB No. 1545-1626 2007 Schedule K-1 (Form 1065-B)	Partner's Share of Income (Loss) From an Electing Large Partnership Copy A For Internal Revenue Service Center File with Form 1065-B. For Paperwork Reduction Act Notice and instructions for completing this form, see the 2007 Instructions for Form 1065-B , U.S. Return of Income for Electing Large Partnerships.
		2 Taxable income (loss) from other activities 275		
PARTNERSHIP'S Employer I.D. number 69-0000006	PARTNER'S identifying number 000-50-0001	3 Qualified dividends		
PARTNER'S name JONATHAN WALKER		4a Net capital gain (loss) from passive activities	4b Net capital gain (loss) from other activities 1,250	
Street address (including apt. no.) 1657 E FORKS RD		5 Net passive AMT adjustment	6 Net other AMT adjustment	
City, state, and ZIP code BAY SHORE, NY 11706		7 General credits	8 Low-income housing credit	
Partner's share of liabilities: a Nonrecourse \$ 602,690 b Qualified nonrecourse financing \$ _____ c Other \$ _____		9 Other J1 668,458 J2 668,458		
Tax shelter registration number				

☐ CORRECTED

☐ PUBLICLY TRADED PARTNERSHIP

PARTNERSHIP'S name, street address, city, state, and ZIP code. ABC OIL AND GAS LP 28 OIL RIG RD ANYTOWN, TX 79001		1 Taxable income (loss) from passive activities 668,458	OMB No. 1545-1626 2007 Schedule K-1 (Form 1065-B)	Partner's Share of Income (Loss) From an Electing Large Partnership Copy A For Internal Revenue Service Center File with Form 1065-B. For Paperwork Reduction Act Notice and instructions for completing this form, see the 2007 Instructions for Form 1065-B , U.S. Return of Income for Electing Large Partnerships.
		2 Taxable income (loss) from other activities 275		
PARTNERSHIP'S Employer I.D. number 69-0000006	PARTNER'S identifying number 000-50-0002	3 Qualified dividends		
PARTNER'S name JULIUS CAESAR WALKER		4a Net capital gain (loss) from passive activities	4b Net capital gain (loss) from other activities 1,250	
Street address (including apt. no.) 1657 E FORKS RD		5 Net passive AMT adjustment	6 Net other AMT adjustment	
City, state, and ZIP code BAY SHORE, NY 11706		7 General credits	8 Low-income housing credit	
Partner's share of liabilities: a Nonrecourse \$ 602,690 b Qualified nonrecourse financing \$ c Other \$		9 Other		
Tax shelter registration number				

Do NOT Cut or Separate Forms on This Page

TEST SCENARIO 7**FORMS REQUIRED:**

1065-B, 4562 (2), 8825, 1065-B SCH K-1 (2), Form 8453-B

ATTACHMENTS:

Itemized Other Deductions Schedule

Miscellaneous Item Statement

Qualified Nonrecourse Financing Statement

BINARY ATTACHMENTS: Scanned Form 8453-B (8453 Signature Document)**HEADER INFO****Tax Period:** Calendar Year 2007

Preparer Firm Electronic Tax Filers, Inc 69-0000098
1065 Efile Drive
Anytown, WV 25001

MultipleSoftwarePackagesUsed: Yes or No

Originator: EFIN: Self-select
Type: ERO
PractitionerPIN: None
PIN Entered by – N/A

Signature Option: Binary Attachment 8453 Signature Document**Return Type:** 1065-B

Filer: EIN: 69-0000007
Name: ABC Cement Manufacturing
Name Control: ABCC
Address: 100 Concrete Ln
Anytown, MN 55001

Partner: Name: John Macbeth
Title: President
Taxpayer PIN: N/A
Phone: 555-555-0000
Email Address: Anymail@email.com
Date Signed: 04/12/2008

Preparer: Name: Jane Jones
SSN: 000-60-6666
Phone: 555-555-5555
Email Address: Anymail@email.com
Date Prepared: 04/12/2008
Self Employed: No

IRS PAYMENT: N/A

Details for attachments**Itemized Other Deductions Schedule** (Form 1065-B, Page 1, Line 23)

Type	Amount
Professional Fees	\$528,000
Permits	\$125,000
Insurance	\$325,000
Other	\$544,700

Miscellaneous Item Statement (Schedule K-1 (Form 1065-B))

Code Number	Code Name	Amount
A1	General Partner's Taxable Income (Loss) from Trade or Business Activities	\$3,477,193
B1	General Partner's Taxable Income (Loss) from Rental Real Estate Activities	\$242,500

Qualified Nonrecourse Financing Statement (Schedule K-1 (Form 1065-B))

Explanation of Qualified Nonrecourse Financing
--

Form

1065-B

Department of the Treasury
Internal Revenue Service

U.S. Return of Income for
Electing Large Partnerships

For calendar year 2007, or tax year beginning , 2007, and ending , 20 .
▶ See separate instructions.

OMB No. 1545-1626

2007

A Principal business activity CEMENT MANUFACTURING	Use the IRS label. Otherwise, print or type.	Name of partnership ABC CEMENT MANUFACTURING	D Employer identification number 69 0000007
B Principal product or service CEMENT		Number, street, and room or suite no. If a P.O. box, see instructions. 100 CONCRETE LN	E Date business started 01/19/1998
C Business code no. (see instructions) 327300		City or town, state, and ZIP code ANYTOWN, MN 55001	F Total assets (see instructions) \$ 17,565,232

G Check applicable boxes: (1) ☐ Final return (2) ☐ Name change (3) ☐ Address change (4) ☐ Amended return

H Check accounting method: (1) ☐ Cash (2) ☒ Accrual (3) ☐ Other (specify) ▶

I Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ▶ 2

J Check if Schedule M-3 (Form 1065) is attached ▶ ☐

Part I Taxable Income or Loss From Passive Loss Limitation Activities

Income	1a	Gross receipts or sales	41,175,200	b	Less returns and allowances		c	Bal ▶	1c	41,175,200	
	2	Cost of goods sold (Schedule A, line 8)							2	26,954,578	
	3	Gross profit. Subtract line 2 from line 1c							3	14,220,622	
	4	Net rental real estate income (loss) (attach Form 8825)							4	485,000	
	5	Net income (loss) from other rental activities (attach schedule)							5		
	6	Ordinary income (loss) from other partnerships, estates, and trusts (attach schedule)							6		
	7	Net farm profit (loss) (attach Schedule F (Form 1040))							7		
	8	Excess of net short-term capital gain over net long-term capital loss (Schedule D, line 14)							8		
	9	Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)							9		
	10	Other income (loss) (see instructions) (attach schedule)							10		
	11	Total income (loss). Combine lines 3 through 10							11	14,705,622	
Deductions	12	Salaries and wages (other than to partners) (less employment credits)							12	1,937,201	
	13	Guaranteed payments to partners							13		
	14	Repairs and maintenance							14	1,036,752	
	15	Bad debts							15		
	16	Rent							16		
	17	Taxes and licenses							17	1,414,186	
	18	Interest							18		
	19a	Depreciation and section 179 expense deduction (see instructions)	447,655	19a							
	b	Less: depreciation reported on Schedule A and elsewhere on return	26,438	19b					19c	421,217	
	20	Depletion							20		
	21	Retirement plans, etc.							21	148,180	
	22	Employee benefit programs							22	786,000	
	23	Other deductions (attach schedule)							23	1,522,700	
	24	Total deductions. Add the amounts shown in the far right column for lines 12 through 23							24	7,266,236	
Tax and Payments	25	Taxable income (loss) from passive loss limitation activities. Subtract line 24 from line 11							25	7,439,386	
	26	Tax (see instructions). Check if from: a <input type="checkbox"/> Form 4255 b <input type="checkbox"/> Form 8611							26		
	27	Other payments. Check if from: a <input type="checkbox"/> Form 2439 b <input type="checkbox"/> Form 4136							27		
	28	Amount owed. Enter the excess of line 26 over line 27							28		
	29	Overpayment. Enter the excess of line 27 over line 26							29		

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.

Signature of general partner or limited liability company member manager

Date
04/12/2008

May the IRS discuss this return with the preparer shown below (see instructions)? ☐ Yes ☒ No

Paid Preparer's Use Only	Preparer's signature	Date 04/12/2008	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN 000-60-6666
	Firm's name (or yours if self-employed), address, and ZIP code ELECTRONIC TAX FILERS INC 1065 EFILE DR, ANYTOWN, WV 25001	EIN 69	Phone no. (555) 555-5555	0000098

Part II Taxable Income or Loss From Other Activities

1	Interest		1	
2a	Total ordinary dividends	2a		
b	Qualified dividends	2b		
c	Nonqualified dividends (subtract line 2b from 2a)		2c	
3	Gross royalties		3	
4	Excess of net short-term capital gain over net long-term capital loss (Schedule D, line 17)		4	
5	Other income (loss) (see instructions) (<i>attach schedule</i>)		5	
6	Total income (loss). Add lines 1, 2c, 3, 4, and 5		6	
7	Interest expense on investment debts (<i>attach Form 4952</i>)		7	
8	State and local income taxes (see instructions)		8	
9	Charitable contributions (see instructions for limitations and required attachment)		9	
10a	Total miscellaneous itemized deductions	10a		
b	Deductible amount. Multiply line 10a by 30%		10b	
11	Other deductions (<i>attach schedule</i>)		11	
12	Total deductions. Add lines 7, 8, 9, 10b, and 11		12	
13	Taxable income (loss) from other activities. Subtract line 12 from line 6.		13	

Schedule A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	
2	Purchases less cost of items withdrawn for personal use	2	
3	Cost of labor	3	
4	Additional section 263A costs (<i>attach schedule</i>)	4	
5	Other costs (<i>attach schedule</i>)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	

9a Check all methods used for valuing closing inventory:

(i) ☐ Cost as described in Regulations section 1.471-3

(ii) ☐ Lower of cost or market as described in Regulations section 1.471-4

(iii) ☐ Other (specify method used and attach explanation) ►

b Check this box if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) . . . ► ☐

c Check this box if the LIFO inventory method was adopted this tax year for any goods (*if checked, attach Form 970*). . . ► ☐

d Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership? . . ☐ **Yes** ☐ **No**

e Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ **Yes** ☐ **No**
If "Yes," attach explanation.

Schedule B Other Information (see instructions)

	Yes	No
1 What type of entity is filing this return? Check the applicable box:		
a <input type="checkbox"/> Domestic general partnership		
b <input type="checkbox"/> Domestic limited partnership		
c <input type="checkbox"/> Domestic limited liability company		
d <input type="checkbox"/> Domestic limited liability partnership		
e <input type="checkbox"/> Foreign partnership		
f <input type="checkbox"/> Other ►		
2 Are any partners in this partnership also partnerships?		
3 During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign entity that was disregarded as an entity separate from its owner under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," see instructions for required attachment		
4 Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805, and 8813. (See instructions.)		
5 Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		
6 Has this partnership filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?		
7 At any time during calendar year 2007, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country. ►		
8 During the tax year, did the partnership receive a distribution from, or was it the grantor to, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520		
9 Enter the number of Forms 8865 , Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return. ►		

Schedule D Capital Gains and Losses

Part I—Short-Term Capital Gains and Losses—Assets Held 1 Year or Less

(a) Description of property (e.g., 100 shares of "Z" Co.)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
1					
2	Short-term capital gain from installment sales from Form 6252, line 26 or 37				2
3	Short-term capital gain (loss) from like-kind exchanges from Form 8824				3
4	Net short-term capital gain or (loss). Combine lines 1 through 3 in column (f)				4

Part II—Long-Term Capital Gains and Losses—Assets Held More Than 1 Year

(a) Description of property (e.g., 100 shares of "Z" Co.)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
5					
6	Enter gain from Form 4797, Part I				6
7	Long-term capital gain from installment sales from Form 6252, line 26 or 37				7
8	Long-term capital gain (loss) from like-kind exchanges from Form 8824				8
9	Net long-term capital gain or (loss). Combine lines 5 through 8 in column (f)				9

Part III—Summary of Parts I and II

10	Combine lines 4 and 9 and enter the net gain (loss)				10		
11	Enter excess of net short-term capital gain (line 4) over net long-term capital loss (line 9).				11		
12	Net capital gain or (loss). Subtract line 11 from line 10.				12		

Part IV—Net Capital Gain (Loss) From Passive Loss Limitation Activities

13	Redetermine the amount on line 11 by taking into account only gains and losses from passive loss limitation activities	13		
14	Excess of net short-term capital gain over net long-term capital loss. Enter the smaller of the amount on line 11 or line 13. Enter here and on page 1, Part I, line 8	14		
15	Redetermine the amount on line 12 by taking into account only gains and losses from passive loss limitation activities	15		
16	Net capital gain or (loss) from passive loss limitation activities. If lines 12 and 15 are both positive or both negative, enter the smaller of line 12 or line 15. Otherwise, enter -0-. Enter here and on Schedule K, line 4a	16		
Note. When figuring whether line 12 or line 15 is smaller , treat both numbers as positive.				

Part V—Net Capital Gain (Loss) From Other Activities

17	Excess of net short-term capital gain over net long-term capital loss. Subtract line 14 from line 11. Enter here and on page 2, Part II, line 4				17		
18	Net capital gain or (loss) from other activities. Subtract line 16 from line 12. Enter here and on Schedule K, line 4b				18		

Schedule K Partners' Shares of Income, Credits, Deductions, etc.						
(a) Distributive share items				(b) Total amount		
1a	Taxable income (loss) from passive loss limitation activities (Part I, line 25)			1a	7,439,386	
b	Amount on line 1a allocated to general partners as:					
	(1)	Taxable income (loss) from trade or business activities	1b(1) 3,477,193			
	(2)	Taxable income (loss) from rental real estate activities	1b(2) 242,500			
	(3)	Taxable income (loss) from other rental activities	1b(3)			
c	Total amount on line 1a allocated to general partners. Combine lines 1b(1) through 1b(3)			1c	3,719,693	
d	Taxable income (loss) from passive loss limitation activities allocated to limited partners. Subtract line 1c from line 1a (report on Schedules K-1, box 1)			1d	3,719,693	
2	Taxable income (loss) from other activities (Part II, line 13)			2	37,412	
3	Qualified dividends from other activities (Part II, line 2b)			3		
4a	Net capital gain (loss) from passive loss limitation activities (Schedule D, line 16)			4a		
b	Net capital gain (loss) from other activities (Schedule D, line 18)			4b		
5	Net passive alternative minimum tax adjustment			5		
6	Net other alternative minimum tax adjustment			6		
7	Guaranteed payments			7		
8	Income from discharge of indebtedness			8		
9	Tax-exempt interest income			9		
10	General credits (see instructions)			10		
11	Low-income housing credit (see instructions)			11		
12	Rehabilitation credit from rental real estate activities (attach Form 3468)			12		
13a	Net earnings (loss) from self-employment			13a	3,719,693	
b	Gross nonfarm income			13b	3,719,693	
14a	Name of foreign country or U.S. possession ▶			14b		
b	Gross income from all sources			14c		
c	Gross income sourced at partner level (attach schedule)					
d	Foreign gross income sourced at partnership level:					
	(1)	Passive category.	14d(1)			
	(2)	General category	14d(2)			
	(3)	Other (attach schedule)	14d(3)			
e	Deductions allocated and apportioned at partner level:					
	(1)	Interest expense	14e(1)			
	(2)	Other	14e(2)			
f	Deductions allocated and apportioned at partnership level to foreign source income:					
	(1)	Passive category.	14f(1)			
	(2)	General category	14f(2)			
	(3)	Other (attach schedule)	14f(3)			
g	Total foreign taxes (check one): ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/>			14g		
h	Reduction in taxes available for credit (attach schedule)			14h		
15	Other items and amounts required to be reported separately to partners (attach schedule)					
Analysis of Net Income (Loss)						
1	Net income (loss). In column (b), add lines 1c through 4b, 7, and 8. From the result, subtract line 14g				1	7,476,798
2	Analysis by partner type:					
	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other
a	General partners	3,738,399				
b	Limited partners		3,738,399			

Schedule L Balance Sheets per Books

Assets		Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
1	Cash		1,565,000		4,791,818
2a	Trade notes and accounts receivable	3,525,697		3,100,000	
b	Less allowance for bad debts	200,000	3,325,697	200,000	2,900,000
3	Inventories		3,211,146		2,816,414
4	U.S. government obligations				
5	Tax-exempt securities				
6	Other current assets (attach schedule)				
7	Mortgage and real estate loans				
8	Other investments (attach schedule)				
9a	Buildings and other depreciable assets	7,500,000		7,957,000	
b	Less accumulated depreciation	1,500,000	6,000,000	1,900,000	6,057,000
10a	Depletable assets				
b	Less accumulated depletion				
11	Land (net of any amortization)		1,000,000		1,000,000
12a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
13	Other assets (attach schedule)				
14	Total assets		15,101,843		17,565,232
Liabilities and Capital					
15	Accounts payable		944,231		157,620
16	Mortgages, notes, bonds payable in less than 1 year				
17	Other current liabilities (attach schedule)				
18	All nonrecourse loans		12,000,000		6,000,000
19	Mortgages, notes, bonds payable in 1 year or more				
20	Other liabilities (attach schedule)				
21	Partners' capital accounts		2,157,612		11,407,612
22	Total liabilities and capital		15,101,843		17,565,232

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return
Note. Schedule M-3 may be required instead of Schedule M-1 (see instructions).

1	Net income (loss) per books	7,250,000	6	Income recorded on books this year not included on Schedule K, lines 1c through 4b, and 8 (itemize):	
2	Income included on Schedule K, lines 1c through 4b, and 8, not recorded on books this year (itemize):		a	Tax-exempt interest \$	
3	Guaranteed payments				
4	Expenses recorded on books this year not included on Schedule K, lines 1c through 4b, and 14g (itemize):		7	Deductions included on Schedule K, lines 1c through 4b, and 14g, not charged against book income this year (itemize):	
a	Depreciation \$	163,450	a	Depreciation \$	
b	Travel and entertainment \$	63,348			
		226,798	8	Add lines 6 and 7	0
5	Add lines 1 through 4	7,476,798	9	Income (loss). (Analysis of Net Income (Loss), line 1.) Subtract line 8 from line 5	7,476,798

Schedule M-2 Analysis of Partners' Capital Accounts

1	Balance at beginning of year	2,157,612	6	Distributions: a Cash	
2	Capital contributed: a Cash	2,000,000		b Property	
	b Property		7	Other decreases (itemize):	
3	Net income (loss) per books	7,250,000			
4	Other increases (itemize):		8	Add lines 6 and 7	0
			9	Balance at end of year. Subtract line 8 from line 5	11,407,612
5	Add lines 1 through 4	11,407,612			

Form 4562 Department of the Treasury Internal Revenue Service	Depreciation and Amortization (Including Information on Listed Property) ▶ See separate instructions. ▶ Attach to your tax return.	OMB No. 1545-0172 2007 Attachment Sequence No. 67
	Name(s) shown on return ABC CEMENT MANUFACTURING	Business or activity to which this form relates CEMENT MANUFACTURING	Identifying number 69-0000007

Part I Election To Expense Certain Property Under Section 179
Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	\$125,000
2	Total cost of section 179 property placed in service (see instructions)	2	80,500
3	Threshold cost of section 179 property before reduction in limitation	3	\$500,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	125,000
(a) Description of property		(b) Cost (business use only)	(c) Elected cost
6	DUMP TRUCK	80,500	80,500
7 Listed property. Enter the amount from line 29		7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	80,500
9	Tentative deduction. Enter the smaller of line 5 or line 8.	9	80,500
10	Carryover of disallowed deduction from line 13 of your 2006 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	125,000
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	80,500
13	Carryover of disallowed deduction to 2008. Add lines 9 and 10, less line 12 ▶ 13	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.
Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) and cellulosic biomass ethanol plant property placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)
Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2007	17	280,063
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ <input type="checkbox"/>		

Section B—Assets Placed in Service During 2007 Tax Year Using the General Depreciation System						
(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property		120,000	5 YRS	HY	200 DB	24,000
c 7-year property		256,500	7 YRS	HY	200 DB	36,654
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2007 Tax Year Using the Alternative Depreciation System						
20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (see instructions)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instr.	22	421,217
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V

Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)
Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? ☐ Yes ☐ No

24b If "Yes," is the evidence written? ☐ Yes ☐ No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions).						25		
26 Property used more than 50% in a qualified business use:		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:		%				S/L –		
		%				S/L –		
		%				S/L –		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1.						28		
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1.							29	

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1	(b) Vehicle 2	(c) Vehicle 3	(d) Vehicle 4	(e) Vehicle 5	(f) Vehicle 6
30 Total business/investment miles driven during the year (do not include commuting miles)						
31 Total commuting miles driven during the year						
32 Total other personal (noncommuting) miles driven						
33 Total miles driven during the year. Add lines 30 through 32						
	Yes	No	Yes	No	Yes	No
34 Was the vehicle available for personal use during off-duty hours?						
35 Was the vehicle used primarily by a more than 5% owner or related person?						
36 Is another vehicle available for personal use?						

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		
Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.		

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2007 tax year (see instructions):					
43 Amortization of costs that began before your 2007 tax year.				43	
44 Total. Add amounts in column (f). See the instructions for where to report.				44	

Form **4562**
Department of the Treasury
Internal Revenue Service

Depreciation and Amortization
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

OMB No. 1545-0172
2007
Attachment
Sequence No. **67**

Name(s) shown on return ABC CEMENT MANUFACTURING	Business or activity to which this form relates CEMENT MANUFACTURING	Identifying number 69-0000007
--	--	---

Part I **Election To Expense Certain Property Under Section 179**
Note: *If you have any listed property, complete Part V before you complete Part I.*

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	\$125,000
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	\$500,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
(a) Description of property		(b) Cost (business use only)	(c) Elected cost
6			
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8.	9	
10	Carryover of disallowed deduction from line 13 of your 2006 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2008. Add lines 9 and 10, less line 12 ▶	13	

Note: *Do not use Part II or Part III below for listed property. Instead, use Part V.*

Part II **Special Depreciation Allowance and Other Depreciation (Do not include listed property.)** (See instructions.)

14	Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) and cellulosic biomass ethanol plant property placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III **MACRS Depreciation (Do not include listed property.)** (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2007	17	26,438
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ <input type="checkbox"/>		

Section B—Assets Placed in Service During 2007 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2007 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV **Summary** (see instructions)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instr.	22	26,438
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V

Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)
Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? <input type="checkbox"/> Yes <input type="checkbox"/> No		24b If "Yes," is the evidence written? <input type="checkbox"/> Yes <input type="checkbox"/> No						
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions).						25		
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L –		
		%				S/L –		
		%				S/L –		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1.						28		
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1.							29	

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

30	Total business/investment miles driven during the year (do not include commuting miles)	(a) Vehicle 1	(b) Vehicle 2	(c) Vehicle 3	(d) Vehicle 4	(e) Vehicle 5	(f) Vehicle 6		
31	Total commuting miles driven during the year								
32	Total other personal (noncommuting) miles driven								
33	Total miles driven during the year. Add lines 30 through 32								
34	Was the vehicle available for personal use during off-duty hours?	Yes	No	Yes	No	Yes	No	Yes	No
35	Was the vehicle used primarily by a more than 5% owner or related person?								
36	Is another vehicle available for personal use?								

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

37	Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38	Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39	Do you treat all use of vehicles by employees as personal use?		
40	Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41	Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		
Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.			

Part VI

Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2007 tax year (see instructions):					
43 Amortization of costs that began before your 2007 tax year.				43	
44 Total. Add amounts in column (f). See the instructions for where to report.				44	

Form
(Rev. December 2006)
Department of the Treasury
Internal Revenue Service

8825

Rental Real Estate Income and Expenses of a Partnership or an S Corporation

▶ See instructions on back.
▶ Attach to Form 1065, Form 1065-B, or Form 1120S.

OMB No. 1545-1186

Name
ABC CEMENT MANUFACTURING

Employer identification number
69-0000007

1

Show the kind and location of each property. See page 2 to list additional properties.

A

WAREHOUSE
200 METAMORPHIC RD, ANYTOWN, MN 55001

B

C

D

		Properties							
Rental Real Estate Income		A		B		C		D	
2	Gross rents	2	615,000						
Rental Real Estate Expenses									
3	Advertising	3	24,000						
4	Auto and travel	4							
5	Cleaning and maintenance	5							
6	Commissions	6							
7	Insurance	7	26,500						
8	Legal and other professional fees	8							
9	Interest	9	42,312						
10	Repairs	10							
11	Taxes	11	10,750						
12	Utilities	12							
13	Wages and salaries	13							
14	Depreciation (see instructions)	14	26,438						
15	Other (list) ▶	15							
16	Total expenses for each property. Add lines 3 through 15	16	130,000						
17	Total gross rents. Add gross rents from line 2, columns A through H	17	615,000						
18	Total expenses. Add total expenses from line 16, columns A through H	18	(130,000)						
19	Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities	19							
20a	Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1)	20a							
b	Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed:								
(1) Name		(2) Employer identification number							
-----		-----							
-----		-----							
-----		-----							
21	Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on: Form 1065 or 1120S: Schedule K, line 2, or Form 1065-B: Part I, line 4	21	485,000						

1

Show the kind and location of each property.

E

F

G

H

		Properties							
		E		F		G		H	
Rental Real Estate Income									
2	Gross rents	2							
Rental Real Estate Expenses									
3	Advertising	3							
4	Auto and travel.	4							
5	Cleaning and maintenance.	5							
6	Commissions	6							
7	Insurance	7							
8	Legal and other professional fees.	8							
9	Interest	9							
10	Repairs	10							
11	Taxes	11							
12	Utilities	12							
13	Wages and salaries	13							
14	Depreciation (see instructions)	14							
15	Other (list) ►	15							
16	Total expenses for each property. Add lines 3 through 15	16							

Instructions

Section references are to the Internal Revenue Code.

What’s New

The IRS will revise this December 2006 version of Form 8825 only when necessary. Continue to use this version of the form for tax years beginning after 2006 until a new revision is issued.

Purpose of form.

Partnerships and S corporations use Form 8825 to report income and deductible expenses from rental real estate activities, including net income (loss) from rental real estate activities that flow through from partnerships, estates, or trusts.

Before completing this form, be sure to read:

• Passive Activity Limitations in the instructions for Form 1065 or Form 1120S, or Passive Loss Limitation Activities in the instructions for Form 1065-B, especially for the definition of “rental activity.”

• Extraterritorial Income Exclusion in the instructions for Form 1065, 1065-B, or 1120S.

Specific Instructions.

Form 8825 provides space for up to eight properties. If there are more than eight properties, attach additional Forms 8825.

The number of columns to be used for reporting income and expenses on this form may differ from the number of rental real estate activities the partnership or S corporation has for purposes of the passive activity limitations. For example, a partnership owns two apartment buildings, each located in a different city. For purposes of the passive activity limitations, the partnership grouped both buildings into a single activity. Although the partnership has only one rental real estate activity for purposes of the

passive activity limitations, it must report the income and deductions for each building in separate columns.

However, if the partnership or S corporation has more than one rental real estate activity for purposes of the passive activity limitations, attach a statement to Schedule K that reports the net income (loss) for each separate activity. Also, attach a statement to each Schedule K-1 that reports each partner’s or shareholder’s share of the net income (loss) by separate activity (except for limited partners in an electing large partnership). See *Passive Activity Reporting Requirements* in the instructions for Form 1065, Form 1065-B, or Form 1120S for additional information that must be provided for each activity.

Complete lines 1 through 16 for each property. But complete lines 17 through 21 on only one Form 8825. The figures on lines 17 and 18 should be the combined totals for all forms.

Do not report on Form 8825 any:

• Income or deductions from a trade or business activity or a rental activity other than rental real estate. These items are reported elsewhere.

• Portfolio income or deductions.

• Section 179 expense deduction.

• Other items that must be reported separately to the partners or shareholders.

• Commercial revitalization deductions.

Line 1.

Show the kind of property rented out (for example, “apartment building”). Give the street address, city or town, and state.

Line 14.

The partnership or S corporation may claim a depreciation deduction each year for

rental property (except for land, which is not depreciable). If the partnership or S corporation placed property in service during the current tax year or claimed depreciation on any vehicle or other listed property, complete and attach Form 4562, Depreciation and Amortization. See Form 4562 and its instructions to figure the depreciation deduction.


Paperwork Reduction Act Notice.

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: Recordkeeping, 6 hr., 27 min.; Learning about the law or the form, 34 min.; Preparing the form, 1 hr., 37 min.; Copying, assembling, and sending the form to the IRS, 16 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

 Printed on recycled paper

Form 8825 (12-2006)

Page 137 of 194

☐ CORRECTED

☐ PUBLICLY TRADED PARTNERSHIP

PARTNERSHIP'S name, street address, city, state, and ZIP code. ABC CEMENT MANUFACTURING 100 CONCRETE LN ANYTOWN, MN 55001		1 Taxable income (loss) from passive activities 3,719,693	OMB No. 1545-1626 2007 Schedule K-1 (Form 1065-B)	Partner's Share of Income (Loss) From an Electing Large Partnership Copy A For Internal Revenue Service Center File with Form 1065-B. For Paperwork Reduction Act Notice and instructions for completing this form, see the 2007 Instructions for Form 1065-B , U.S. Return of Income for Electing Large Partnerships.
		2 Taxable income (loss) from other activities 18,706		
PARTNERSHIP'S Employer I.D. number 69-0000007	PARTNER'S identifying number 000-60-0001	3 Qualified dividends		
PARTNER'S name JOHN MACBETH		4a Net capital gain (loss) from passive activities	4b Net capital gain (loss) from other activities	
Street address (including apt. no.) 1168 BEECH ST		5 Net passive AMT adjustment	6 Net other AMT adjustment	
City, state, and ZIP code CENTRAL ISLIP, NY 11722		7 General credits	8 Low-income housing credit	
Partner's share of liabilities: a Nonrecourse \$ ----- b Qualified nonrecourse financing \$ 3,000,000 c Other \$ -----		9 Other JI - 3,719,693 J2 - 3,719,693		
Tax shelter registration number				

Do NOT Cut or Separate Forms on This Page

☐ CORRECTED

☐ PUBLICLY TRADED PARTNERSHIP

PARTNERSHIP'S name, street address, city, state, and ZIP code. ABC CEMENT MANUFACTURING 100 CONCRETE LN ANYTOWN, MN 55001		1 Taxable income (loss) from passive activities 3,719,693	OMB No. 1545-1626 2007 Schedule K-1 (Form 1065-B)	Partner's Share of Income (Loss) From an Electing Large Partnership Copy A For Internal Revenue Service Center File with Form 1065-B. For Paperwork Reduction Act Notice and instructions for completing this form, see the 2007 Instructions for Form 1065-B , U.S. Return of Income for Electing Large Partnerships.
		2 Taxable income (loss) from other activities 18,706		
PARTNERSHIP'S Employer I.D. number 69-0000007	PARTNER'S identifying number 000-60-0002	3 Qualified dividends		
PARTNER'S name JOHN CAPULET		4a Net capital gain (loss) from passive activities	4b Net capital gain (loss) from other activities	
Street address (including apt. no.) 1175 BEECH ST		5 Net passive AMT adjustment	6 Net other AMT adjustment	
City, state, and ZIP code CENTRAL ISLIP, NY 11722		7 General credits	8 Low-income housing credit	
Partner's share of liabilities: a Nonrecourse \$ ----- b Qualified nonrecourse financing \$ 3,000,000 c Other \$ -----		9 Other		
Tax shelter registration number				

Do NOT Cut or Separate Forms on This Page

TEST SCENARIO 8**FORMS REQUIRED:** 1065-B, 8308, 1065-B SCH K-1 (102)**ATTACHMENTS:**

Itemized Other Deductions Schedule

BINARY ATTACHMENTS: None**HEADER INFO:****Tax Period:** Calendar Year 2007

Preparer Firm: Electronic Tax Filers, Inc 69-0000098
1065 Efile Drive
Anytown, WV 25001

MultipleSoftwarePackagesUsed: Yes or No

Originator: EFIN: Self-select
Type: ERO
PractitionerPIN:
EFIN: Self-select
PIN: Self-select
PIN Entered by – ERO

Signature Option: PIN Number**Return Type:** 1065-B

Filer: EIN: 69-0000008
Name: Black Coal Industries LLC
Name Control: BLAC
Address: 100 Main St
Anytown, WV 25001

Partner: Name: Bubba Christmas
Title: Chief Executive Officer
Taxpayer PIN: N/A
Phone: 555-555-0000
Email Address: Anymail@email.com
Date Signed: 04/15/2008

Preparer: Name: John Dark
SSN: 000-70-7777
Phone: 555-555-5555
Email Address: Anymail@email.com
Date Prepared: 04/15/2008
Self Employed: No

IRS PAYMENT: N/A

Details for attachments**Itemized Other Deductions Schedule** (Form 1065-B, Page 1, Line 23)

Type	Amount
Engineering	\$2,168,140
Permits	\$1,400,000
Legal and Accounting	\$1,600,320
Consulting	\$385,914

NOTE: Please use the same data for the additional ninety-eight (98) Schedule K-1s, but increment the entity information as follows:

EIN: 001-06-2001

Name: Taxpayer B1

Address: PO Box 0001

EIN: 001-06-2002

Name: Taxpayer B2

Address: PO Box 0002

EIN: 001-06-2003

Name: Taxpayer B3

Address: PO Box 0003

Form

1065-B

Department of the Treasury
Internal Revenue Service

U.S. Return of Income for
Electing Large Partnerships

For calendar year 2007, or tax year beginning , 2007, and ending , 20 .
▶ See separate instructions.

OMB No. 1545-1626

2007

A Principal business activity MINING	Use the IRS label. Other- wise, print or type.	Name of partnership BLACK COAL INDUSTRIES LLC	D Employer identification number 69 0000008
B Principal product or service COAL		Number, street, and room or suite no. If a P.O. box, see instructions. 100 MAIN ST	E Date business started 08/03/1998
C Business code no. (see instructions) 212110		City or town, state, and ZIP code ANYTOWN, WV 25001	F Total assets (see instructions) \$ 20,440,320

G Check applicable boxes: (1) ☐ Final return (2) ☐ Name change (3) ☐ Address change (4) ☐ Amended return

H Check accounting method: (1) ☐ Cash (2) ☒ Accrual (3) ☐ Other (specify) ▶

I Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ▶ 102

J Check if Schedule M-3 (Form 1065) is attached ▶ ☐

Part I Taxable Income or Loss From Passive Loss Limitation Activities

Income	1a	Gross receipts or sales	101,256,342	b	Less returns and allowances		c	Bal ▶	1c	101,256,342	
	2	Cost of goods sold (Schedule A, line 8)							2	58,332,511	
	3	Gross profit. Subtract line 2 from line 1c							3	42,923,831	
	4	Net rental real estate income (loss) (attach Form 8825)							4		
	5	Net income (loss) from other rental activities (attach schedule)							5		
	6	Ordinary income (loss) from other partnerships, estates, and trusts (attach schedule)							6		
	7	Net farm profit (loss) (attach Schedule F (Form 1040))							7		
	8	Excess of net short-term capital gain over net long-term capital loss (Schedule D, line 14)							8		
	9	Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)							9		
	10	Other income (loss) (see instructions) (attach schedule)							10		
	11	Total income (loss). Combine lines 3 through 10							11	42,923,831	
Deductions	12	Salaries and wages (other than to partners) (less employment credits)							12	12,487,136	
	13	Guaranteed payments to partners							13		
	14	Repairs and maintenance							14	2,612,540	
	15	Bad debts							15		
	16	Rent							16	1,720,000	
	17	Taxes and licenses							17	4,106,315	
	18	Interest							18		
	19a	Depreciation and section 179 expense deduction (see instructions)	19a						19c		
	b	Less: depreciation reported on Schedule A and elsewhere on return	19b								
	20	Depletion							20	3,750,225	
	21	Retirement plans, etc.							21		
22	Employee benefit programs							22	1,218,412		
23	Other deductions (attach schedule)							23	5,554,374		
24	Total deductions. Add the amounts shown in the far right column for lines 12 through 23							24	31,449,002		
25	Taxable income (loss) from passive loss limitation activities. Subtract line 24 from line 11							25	11,474,829		
Tax and Payments	26	Tax (see instructions). Check if from: a <input type="checkbox"/> Form 4255 b <input type="checkbox"/> Form 8611							26		
	27	Other payments. Check if from: a <input type="checkbox"/> Form 2439 b <input type="checkbox"/> Form 4136							27		
	28	Amount owed. Enter the excess of line 26 over line 27							28		
	29	Overpayment. Enter the excess of line 27 over line 26							29		

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.

Signature of general partner or limited liability company member manager

Date 04/15/2008

May the IRS discuss this return with the preparer shown below (see instructions)? ☐ Yes ☒ No

Paid Preparer's Use Only	Preparer's signature	Date 04/15/2008	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN 000-70-7777
	Firm's name (or yours if self-employed), address, and ZIP code	ELECTRONIC TAX FILERS INC 1065 EFILE DR, ANYTOWN, WV 25001	EIN 69 0000098	Phone no. (555) 555-5555

Part II Taxable Income or Loss From Other Activities			
1	Interest	1	357,610
2a	Total ordinary dividends.	2a	
b	Qualified dividends	2b	
c	Nonqualified dividends (subtract line 2b from 2a)	2c	
3	Gross royalties	3	1,569,721
4	Excess of net short-term capital gain over net long-term capital loss (Schedule D, line 17)	4	
5	Other income (loss) (see instructions) (attach schedule)	5	
6	Total income (loss). Add lines 1, 2c, 3, 4, and 5	6	1,927,331
7	Interest expense on investment debts (attach Form 4952)	7	
8	State and local income taxes (see instructions)	8	
9	Charitable contributions (see instructions for limitations and required attachment)	9	
10a	Total miscellaneous itemized deductions	10a	
b	Deductible amount. Multiply line 10a by 30%	10b	
11	Other deductions (attach schedule)	11	
12	Total deductions. Add lines 7, 8, 9, 10b, and 11	12	
13	Taxable income (loss) from other activities. Subtract line 12 from line 6.	13	1,927,331

Schedule A Cost of Goods Sold (see instructions)			
1	Inventory at beginning of year.	1	5,650,225
2	Purchases less cost of items withdrawn for personal use	2	57,478,827
3	Cost of labor	3	1,425,622
4	Additional section 263A costs (attach schedule).	4	
5	Other costs (attach schedule)	5	
6	Total. Add lines 1 through 5	6	64,554,674
7	Inventory at end of year	7	6,222,163
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	58,332,511
9a Check all methods used for valuing closing inventory:			
(i) <input type="checkbox"/> Cost as described in Regulations section 1.471-3			
(ii) <input checked="" type="checkbox"/> Lower of cost or market as described in Regulations section 1.471-4			
(iii) <input type="checkbox"/> Other (specify method used and attach explanation) ►			
b Check this box if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) <input type="checkbox"/>			
c Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970). <input type="checkbox"/>			
d Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership? . . . <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
e Was there any change in determining quantities, cost, or valuations between opening and closing inventory? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
If "Yes," attach explanation.			

Schedule B Other Information (see instructions)		Yes	No
1 What type of entity is filing this return? Check the applicable box:			
a <input type="checkbox"/> Domestic general partnership	b <input type="checkbox"/> Domestic limited partnership		
c <input checked="" type="checkbox"/> Domestic limited liability company	d <input type="checkbox"/> Domestic limited liability partnership		
e <input type="checkbox"/> Foreign partnership	f <input type="checkbox"/> Other ►		
2 Are any partners in this partnership also partnerships?			<input checked="" type="checkbox"/>
3 During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign entity that was disregarded as an entity separate from its owner under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," see instructions for required attachment			<input checked="" type="checkbox"/>
4 Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805, and 8813. (See instructions.)			<input checked="" type="checkbox"/>
5 Is this partnership a publicly traded partnership as defined in section 469(k)(2)?			<input checked="" type="checkbox"/>
6 Has this partnership filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?			<input checked="" type="checkbox"/>
7 At any time during calendar year 2007, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country. ►			<input checked="" type="checkbox"/>
8 During the tax year, did the partnership receive a distribution from, or was it the grantor to, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520			<input checked="" type="checkbox"/>
9 Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return. ►			0

Schedule D Capital Gains and Losses

Part I—Short-Term Capital Gains and Losses—Assets Held 1 Year or Less					
(a) Description of property (e.g., 100 shares of "Z" Co.)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
1					
2	Short-term capital gain from installment sales from Form 6252, line 26 or 37				2
3	Short-term capital gain (loss) from like-kind exchanges from Form 8824				3
4	Net short-term capital gain or (loss). Combine lines 1 through 3 in column (f)				4
Part II—Long-Term Capital Gains and Losses—Assets Held More Than 1 Year					
(a) Description of property (e.g., 100 shares of "Z" Co.)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
5					
6	Enter gain from Form 4797, Part I				6
7	Long-term capital gain from installment sales from Form 6252, line 26 or 37				7
8	Long-term capital gain (loss) from like-kind exchanges from Form 8824				8
9	Net long-term capital gain or (loss). Combine lines 5 through 8 in column (f)				9
Part III—Summary of Parts I and II					
10	Combine lines 4 and 9 and enter the net gain (loss)				10
11	Enter excess of net short-term capital gain (line 4) over net long-term capital loss (line 9).				11
12	Net capital gain or (loss). Subtract line 11 from line 10.				12
Part IV—Net Capital Gain (Loss) From Passive Loss Limitation Activities					
13	Redetermine the amount on line 11 by taking into account only gains and losses from passive loss limitation activities				13
14	Excess of net short-term capital gain over net long-term capital loss. Enter the smaller of the amount on line 11 or line 13. Enter here and on page 1, Part I, line 8				14
15	Redetermine the amount on line 12 by taking into account only gains and losses from passive loss limitation activities				15
16	Net capital gain or (loss) from passive loss limitation activities. If lines 12 and 15 are both positive or both negative, enter the smaller of line 12 or line 15. Otherwise, enter -0-. Enter here and on Schedule K, line 4a				16
Note. When figuring whether line 12 or line 15 is smaller, treat both numbers as positive.					
Part V—Net Capital Gain (Loss) From Other Activities					
17	Excess of net short-term capital gain over net long-term capital loss. Subtract line 14 from line 11. Enter here and on page 2, Part II, line 4				17
18	Net capital gain or (loss) from other activities. Subtract line 16 from line 12. Enter here and on Schedule K, line 4b				18

Schedule K Partners' Shares of Income, Credits, Deductions, etc.							
(a) Distributive share items					(b) Total amount		
1a	Taxable income (loss) from passive loss limitation activities (Part I, line 25)				1a	11,474,829	
b	Amount on line 1a allocated to general partners as:						
	(1)	Taxable income (loss) from trade or business activities	1b(1)				
	(2)	Taxable income (loss) from rental real estate activities	1b(2)				
	(3)	Taxable income (loss) from other rental activities	1b(3)				
c	Total amount on line 1a allocated to general partners. Combine lines 1b(1) through 1b(3)				1c		
d	Taxable income (loss) from passive loss limitation activities allocated to limited partners. Subtract line 1c from line 1a (report on Schedules K-1, box 1)				1d	11,474,829	
2	Taxable income (loss) from other activities (Part II, line 13)				2	1,927,331	
3	Qualified dividends from other activities (Part II, line 2b)				3		
4a	Net capital gain (loss) from passive loss limitation activities (Schedule D, line 16)				4a		
b	Net capital gain (loss) from other activities (Schedule D, line 18)				4b		
5	Net passive alternative minimum tax adjustment				5		
6	Net other alternative minimum tax adjustment				6		
7	Guaranteed payments				7		
8	Income from discharge of indebtedness				8		
9	Tax-exempt interest income				9		
10	General credits (see instructions)				10		
11	Low-income housing credit (see instructions)				11		
12	Rehabilitation credit from rental real estate activities (attach Form 3468)				12		
13a	Net earnings (loss) from self-employment				13a	13,402,160	
b	Gross nonfarm income				13b	13,402,160	
14a	Name of foreign country or U.S. possession ▶				14b		
b	Gross income from all sources				14c		
c	Gross income sourced at partner level (attach schedule)						
d	Foreign gross income sourced at partnership level:				14d(1)		
	(1)	Passive category.		14d(2)			
	(2)	General category		14d(3)			
	(3)	Other (attach schedule)					
e	Deductions allocated and apportioned at partner level:				14e(1)		
	(1)	Interest expense		14e(2)			
	(2)	Other					
f	Deductions allocated and apportioned at partnership level to foreign source income:				14f(1)		
	(1)	Passive category.		14f(2)			
	(2)	General category		14f(3)			
	(3)	Other (attach schedule)					
g	Total foreign taxes (check one): ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/>				14g		
h	Reduction in taxes available for credit (attach schedule)				14h		
15	Other items and amounts required to be reported separately to partners (attach schedule)						
Analysis of Net Income (Loss)							
1	Net income (loss). In column (b), add lines 1c through 4b, 7, and 8. From the result, subtract line 14g					1	13,402,160
2	Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other
a	General partners						
b	Limited partners			13,402,160			

Schedule L Balance Sheets per Books

Assets	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
1 Cash		2,468,821		2,612,147
2a Trade notes and accounts receivable				
b Less allowance for bad debts				
3 Inventories		5,650,225		6,222,163
4 U.S. government obligations				
5 Tax-exempt securities				
6 Other current assets (attach schedule)				
7 Mortgage and real estate loans				
8 Other investments (attach schedule)				
9a Buildings and other depreciable assets.				
b Less accumulated depreciation				
10a Depletable assets	4,227,116		7,297,740	
b Less accumulated depletion	1,392,032	2,835,084	2,912,140	4,385,600
11 Land (net of any amortization)		7,220,410		7,220,410
12a Intangible assets (amortizable only)				
b Less accumulated amortization				
13 Other assets (attach schedule).				
14 Total assets.		18,174,540		20,440,320
Liabilities and Capital				
15 Accounts payable		2,147,882		2,110,320
16 Mortgages, notes, bonds payable in less than 1 year				
17 Other current liabilities (attach schedule)				
18 All nonrecourse loans.		10,376,658		5,263,460
19 Mortgages, notes, bonds payable in 1 year or more				
20 Other liabilities (attach schedule)				
21 Partners' capital accounts		5,650,000		13,066,540
22 Total liabilities and capital		18,174,540		20,440,320

Schedule M-1

Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Note. Schedule M-3 may be required instead of Schedule M-1 (see instructions).

1 Net income (loss) per books	12,416,540	6 Income recorded on books this year not included on Schedule K, lines 1c through 4b, and 8 (itemize):	
2 Income included on Schedule K, lines 1c through 4b, and 8, not recorded on books this year (itemize):		a Tax-exempt interest \$	
3 Guaranteed payments . . . . .		. . . . .
4 Expenses recorded on books this year not included on Schedule K, lines 1c through 4b, and 14g (itemize):		7 Deductions included on Schedule K, lines 1c through 4b, and 14g, not charged against book income this year (itemize):	
a Depreciation \$ 985,620		a Depreciation \$	
b Travel and entertainment \$ . . . . .		. . . . .
.	
.	985,620	8 Add lines 6 and 7	0
5 Add lines 1 through 4	13,402,160	9 Income (loss). (Analysis of Net Income (Loss), line 1.) Subtract line 8 from line 5	13,402,160

Schedule M-2 Analysis of Partners' Capital Accounts

1 Balance at beginning of year	5,650,000	6 Distributions: a Cash	5,000,000
2 Capital contributed: a Cash		b Property	
b Property		7 Other decreases (itemize):	
3 Net income (loss) per books	12,416,540	8 Add lines 6 and 7	5,000,000
4 Other increases (itemize):		9 Balance at end of year. Subtract line 8 from line 5	13,066,540
.			
5 Add lines 1 through 4	18,066,540		

Form **8308**
(Rev. October 2005)

Department of the Treasury
Internal Revenue Service

**Report of a Sale or Exchange of
Certain Partnership Interests**

► Please print or type.

OMB No. 1545-0941

Name of partnership BLACK COAL INDUSTRIES	Telephone number (555) 555-5555	Employer identification number 69 : 0000008
Number, street, and room or suite no. If a P.O. box, see instructions. 100 MAIN ST		
City or town, state, and ZIP code ANYTOWN, WV 25001		

Part I Transferor Information (Beneficial owner of the partnership interest immediately before the transfer of that interest)

Name BRONCO JUNO	Identifying number 000-70-0002
Number and street (including apt. no.) 300 MAIN ST	
City or town, state, and ZIP code ANYTOWN, WV 25001	

Notice to Transferors: The information on this form has been supplied to the Internal Revenue Service. The transferor in a section 751(a) exchange is required to treat a portion of the gain realized from the exchange as ordinary income. For more details, see Pub. 541, Partnerships.

Statement by Transferor: The transferor in a section 751(a) exchange is required under Regulations section 1.751-1(a)(3) to attach a statement relating to the sale or exchange to his or her return. See Instructions to Transferors for more details.

Part II Transferee Information (Beneficial owner of the partnership interest immediately after the transfer of that interest)

Name BUBBA CHRISTMAS	Identifying number 000-70-0001
Number and street (including apt. no.) 200 MAIN ST	
City or town, state, and ZIP code ANYTOWN, WV 25001	

Part III Date of Sale or Exchange of Partnership Interest ► 06 / 30 / 2007

Sign Here Only if You Are Filing This Form by Itself and Not With Form 1065 or Form 1065-B	Under penalties of perjury, I declare that I have examined this return, including accompanying attachments, and to the best of my knowledge and belief, it is true, correct, and complete.
	<div>► Signature of general partner or limited liability company member</div> <div>► Date</div>

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form. Form 8308 is filed by a partnership to report the sale or exchange by a partner of all or part of a partnership interest where any money or other property received in exchange for the interest is attributable to unrealized receivables or inventory items (that is, where there has been a section 751(a) exchange).

Who Must File. A partnership must file a separate Form 8308 for each section 751(a) exchange of an interest in such partnership. See Regulations section 1.6050K-1.

Note: Form 8308 does not have to be filed if, under section 6045, Form 1099-B, Proceeds From Broker and Barter Exchange Transactions, is required to be filed with respect to the sale or exchange.

A partnership must file Form 8308 once the partnership has notice of the section 751(a) exchange. The partnership has such notice when either:

1. The partnership receives written notification of the exchange from the transferor that includes the names and addresses of both parties to the exchange, the identifying numbers of the transferor and (if known) of the transferee, and the date of the exchange; or
2. The partnership has knowledge that there has been a transfer of a partnership interest and, at the time of the transfer, the partnership had any unrealized receivables or inventory items.
- No returns or statements are required under section 6050K if the transfer was not a section 751(a) exchange. For example, a transfer which in its entirety constitutes a gift for federal income tax purposes is not a section 751(a) exchange.
- A partnership may rely on a written statement from the transferor that the transfer was not a section 751(a) exchange unless the partnership has knowledge to the contrary. If a partnership is in doubt whether partnership property constitutes unrealized receivables or inventory items or whether a transfer constitutes a section 751(a) exchange, the partnership may file Form 8308 to avoid the risk of incurring a penalty for failure to file.

When To File. Generally, file Form 8308 as an attachment to Form 1065 or Form 1065-B for the tax year of the partnership that includes the last day of the calendar year in which the section 751(a) exchange took place. Form 8308 is due at the time for filing the partnership return, including extensions.

If, however, a partnership is notified of a section 751(a) exchange after it has filed its partnership return, file Form 8308 separately, within 30 days of notification, with the service center where Form 1065 or Form 1065-B was filed.

Copies of Form 8308 To Be Furnished to Transferor and Transferee. All partnerships required to file Form 8308 must furnish a copy of the form to each transferor and transferee by January 31 of the year following the calendar year in which the section 751(a) exchange occurred or, if later, 30 days after the partnership has notice of the exchange.

If the partnership does not know the identity of the beneficial owner of an interest in the partnership, the record holder of the interest is treated as the transferor or transferee.

☐ CORRECTED

☐ PUBLICLY TRADED PARTNERSHIP

PARTNERSHIP'S name, street address, city, state, and ZIP code. BLACK COAL INDUSTRIES LLC 100 MAIN ST ANYTOWN, WV 25001		1 Taxable income (loss) from passive activities 114,748	OMB No. 1545-1626 2007 Schedule K-1 (Form 1065-B)	Partner's Share of Income (Loss) From an Electing Large Partnership Copy A For Internal Revenue Service Center File with Form 1065-B. For Paperwork Reduction Act Notice and instructions for completing this form, see the 2007 Instructions for Form 1065-B , U.S. Return of Income for Electing Large Partnerships.
		2 Taxable income (loss) from other activities 19,273		
PARTNERSHIP'S Employer I.D. number 69-0000008	PARTNER'S identifying number 000-70-1001	3 Qualified dividends		
PARTNER'S name TAXPAYER B1		4a Net capital gain (loss) from passive activities	4b Net capital gain (loss) from other activities	
Street address (including apt. no.) 1001 MAIN ST		5 Net passive AMT adjustment	6 Net other AMT adjustment	
City, state, and ZIP code ANYTOWN, WV 25001		7 General credits	8 Low-income housing credit	
Partner's share of liabilities: a Nonrecourse \$ 52,635 b Qualified nonrecourse financing \$ c Other \$		9 Other		
Tax shelter registration number				

Do NOT Cut or Separate Forms on This Page

☐ CORRECTED

☐ PUBLICLY TRADED PARTNERSHIP

PARTNERSHIP'S name, street address, city, state, and ZIP code. BLACK COAL INDUSTRIES LLC 100 MAIN ST ANYTOWN, WV 25001		1 Taxable income (loss) from passive activities 57,374	OMB No. 1545-1626 2007 Schedule K-1 (Form 1065-B)	Partner's Share of Income (Loss) From an Electing Large Partnership Copy A For Internal Revenue Service Center File with Form 1065-B. For Paperwork Reduction Act Notice and instructions for completing this form, see the 2007 Instructions for Form 1065-B , U.S. Return of Income for Electing Large Partnerships.
		2 Taxable income (loss) from other activities 9,637		
PARTNERSHIP'S Employer I.D. number 69-0000008	PARTNER'S identifying number 000-70-0001	3 Qualified dividends		
PARTNER'S name BUBBA CHRISTMAS		4a Net capital gain (loss) from passive activities	4b Net capital gain (loss) from other activities	
Street address (including apt. no.) 200 MAIN ST		5 Net passive AMT adjustment	6 Net other AMT adjustment	
City, state, and ZIP code ANYTOWN, WV 25001		7 General credits	8 Low-income housing credit	
Partner's share of liabilities: a Nonrecourse \$ 26,318 b Qualified nonrecourse financing \$ _____ c Other \$ _____		9 Other		
Tax shelter registration number				

Do NOT Cut or Separate Forms on This Page

☐ CORRECTED

☐ PUBLICLY TRADED PARTNERSHIP

PARTNERSHIP'S name, street address, city, state, and ZIP code. BLACK COAL INDUSTRIES LLC 100 MAIN ST ANYTOWN, WV 25001		1 Taxable income (loss) from passive activities 57,374	OMB No. 1545-1626 2007 Schedule K-1 (Form 1065-B)	Partner's Share of Income (Loss) From an Electing Large Partnership Copy A For Internal Revenue Service Center File with Form 1065-B. For Paperwork Reduction Act Notice and instructions for completing this form, see the 2007 Instructions for Form 1065-B , U.S. Return of Income for Electing Large Partnerships.
		2 Taxable income (loss) from other activities 9,636		
PARTNERSHIP'S Employer I.D. number 69-0000008	PARTNER'S identifying number 000-70-0002	3 Qualified dividends		
PARTNER'S name BRONCO JUNO		4a Net capital gain (loss) from passive activities	4b Net capital gain (loss) from other activities	
Street address (including apt. no.) 300 MAIN ST		5 Net passive AMT adjustment	6 Net other AMT adjustment	
City, state, and ZIP code ANYTOWN, WV 25001		7 General credits	8 Low-income housing credit	
Partner's share of liabilities: a Nonrecourse \$ 26,318 b Qualified nonrecourse financing \$ _____ c Other \$ _____		9 Other		
Tax shelter registration number				

Do NOT Cut or Separate Forms on This Page

TEST SCENARIO 9 (K-1 Aggregator)

Test Scenario 9 uses the Form 1065 and related forms and schedules from Test Scenario 1, with these exceptions:

- The number of K-1's has been increased from 102 to 100,002
- The ordinary Business Income/Loss Statement attached to Schedule K-1 will apply to all 100,002 K-1's.

Test Scenario 9 shows three K-1's: Sam Starling
Barton and Jenkins Enterprise
Taxpayer A1 (990-00-0001)

Create the other 99,999 K-1's using this information:

- The partner's identifying number will increase by 1 (990-00-0002, 990-00-0003, 990-00-0004...through 990-10-0000)
- The partner's name will increase by 1 (Taxpayer A2, Taxpayer A3, Taxpayer A4...through Taxpayer A100,000)
- Use the same address as Taxpayer A1
- The 99,999 partners are limited partners, domestic partners, and individuals
- Use the same profit/loss/capitol percentages as Taxpayer A1

The Business Income Loss Statements attached to the K-1's will be:

Ordinary Business Income (Loss) Statement (Schedule K-1 (Form 1065), Part III, Line 1)

Taxpayer A1 through Taxpayer A100,000	
Education	100
Legal Services	303

Ordinary Business Income (Loss) Statement (Schedule K-1 (Form 1065), Part III, Line 1)

Barton and Jenkins Enterprise	
Education	80,000
Legal Services	32,192,561

Ordinary Business Income (Loss) Statement (Schedule K-1 (Form 1065), Part III, Line 1)

Sam Starling	
Education	20,000
Flight Instructor	20,000
Legal Services	8,028,140

FORMS REQUIRED:

1065, 4562 (2), 4797, 8825, 8844, 8882, 1065 SCH K-1 (100,002), Form 8453-PE DEPENDENCIES

ATTACHMENTS:

Itemized Other Deductions Statement
Other Credits and Credit Recapture Statement
Schedule L Other Assets Statement
Schedule L Other Current Liabilities Statement
Ordinary Business Income (Loss) Statement (see above)

BINARY ATTACHMENTS: Scanned Form 8453-PE (8453 Signature Document)**HEADER INFO****Tax Period:** Calendar Year 2007

Preparer Firm: Electronic Tax Filers, Inc 69-0000098
1065 Efile Drive
Anytown, NV 89501

MultipleSoftwarePackagesUsed: Yes or No

Originator: EFIN: Self-select
Type: ERO
PractitionerPIN: None

PIN Entered by – N/A

Signature Option: Binary Attachment 8453 Signature Document**Return Type:** 1065

Filer: EIN: 69-0000001
Name: Sam Starling LLP
Name Control: SAMS
Address: 631 N McKinley Dr
Reno, NV 89510

Partner: Name: Sam Starling
Title: President
Taxpayer PIN:
Phone: 555-555-5555
Email Address: Anymail@email.com
DateSigned: 04/01/2008

Preparer: Name: Jesse James
SSN: 000-11-0001
Phone: 555-555-5555
Email Address: Anymail@email.com
Date Prepared: 04/01/2008
Self Employed: No

IRS PAYMENT: N/A

Details for attachments
Itemized Other Deductions Statement (Form 1065, Page 1, Line 20)

Travel and Entertainment	5,600,000
Other	28,750,000
Utilities	10,000,000
Fees	6,387,848

Other Credits and Credit Recapture Statement (Form 1065, Page 3, Schedule K, Line 15f)

Childcare	35,600
Empowerment	40,000

Schedule L Other Assets Statement (Form 1065, Page 4, Schedule L, Line 13b and 13d)

Type	BOY Amount	EOY Amount
Client Receivable	7,148,515	10,916,115
Other	6,030,400	4,227,867

Schedule L Other Current Liabilities Statement (Form 1065, Page 4, Schedule L, Line 17b and 17d)

Type	BOY Amount	EOY Amount
Other Current Liabilities	2,315,178	4,138,515
Other Accrued Liabilities	3,162,974	2,045,400

Form **1065**
Department of the Treasury
Internal Revenue Service (77)

U.S. Return of Partnership Income
For calendar year 2007, or tax year beginning , 2007, ending , 20 .
▶ See separate instructions.

OMB No. 1545-0099
2007

A Principal business activity Legal Services	Use the IRS label. Otherwise, print or type.	Name of partnership Sam Starling, LLP	D Employer identification number 69 0000001
B Principal product or service Legal Services		Number, street, and room or suite no. If a P.O. box, see the instructions. 631 N McKinley St	E Date business started 10/01/1977
C Business code number 541110		City or town, state, and ZIP code Reno, NV 89510	F Total assets (see the instructions) \$ 108,367,919

G Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change (5) ☐ Amended return
H Check accounting method: (1) ☒ Cash (2) ☐ Accrual (3) ☐ Other (specify) ▶
I Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ▶
J Check if Schedule M-3 required (attach Schedule M-3) ☐

Caution. Include **only** trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

Income	1a Gross receipts or sales	1a	323,455,613			
	b Less returns and allowances	1b			1c	323,455,613
	2 Cost of goods sold (Schedule A, line 8)				2	
	3 Gross profit. Subtract line 2 from line 1c				3	
	4 Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)				4	
	5 Net farm profit (loss) (attach Schedule F (Form 1040))				5	
	6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)				6	10,000
	7 Other income (loss) (attach statement)				7	
Deductions (see the instructions for limitations)	8 Total income (loss). Combine lines 3 through 7				8	323,465,613
	9 Salaries and wages (other than to partners) (less employment credits)				9	110,535,025
	10 Guaranteed payments to partners				10	22,675,031
	11 Repairs and maintenance				11	2,042,164
	12 Bad debts				12	
	13 Rent				13	25,922,173
	14 Taxes and licenses				14	12,226,452
	15 Interest				15	14,622
	16a Depreciation (if required, attach Form 4562)	16a	7,292,891			
	b Less depreciation reported on Schedule A and elsewhere on return	16b	18,275		16c	7,274,616
	17 Depletion (Do not deduct oil and gas depletion.)				17	
	18 Retirement plans, etc.				18	4,255,918
	19 Employee benefit programs				19	7,100,361
	20 Other deductions (attach statement)				20	50,737,848
	21 Total deductions. Add the amounts shown in the far right column for lines 9 through 20				21	242,784,210
	22 Ordinary business income (loss). Subtract line 21 from line 8				22	80,681,403

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.

▶ Signature of general partner or limited liability company member manager ▶ Date

May the IRS discuss this return with the preparer shown below (see instructions)? ☐ Yes ☐ No

Paid Preparer's Use Only

Preparer's signature Date Check if self-employed ☐ Preparer's SSN or PTIN

Firm's name (or yours if self-employed), address, and ZIP code ▶ EIN ▶ Phone no. ()

Schedule A Cost of Goods Sold (see the instructions)

1	Inventory at beginning of year	1		
2	Purchases less cost of items withdrawn for personal use	2		
3	Cost of labor	3		
4	Additional section 263A costs (attach statement)	4		
5	Other costs (attach statement)	5		
6	Total. Add lines 1 through 5	6		
7	Inventory at end of year	7		
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8		

9a Check all methods used for valuing closing inventory:

(i) ☐ Cost as described in Regulations section 1.471-3

(ii) ☐ Lower of cost or market as described in Regulations section 1.471-4

(iii) ☐ Other (specify method used and attach explanation) ▶

b Check this box if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) . . . ▶ ☐

c Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶ ☐

d Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership? . . ☐ Yes ☐ No

e Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☐ No

If "Yes," attach explanation.

Schedule B Other Information

1	What type of entity is filing this return? Check the applicable box:	Yes	No
a	<input type="checkbox"/> Domestic general partnership		
b	<input type="checkbox"/> Domestic limited partnership		
c	<input type="checkbox"/> Domestic limited liability company		
d	<input checked="" type="checkbox"/> Domestic limited liability partnership		
e	<input type="checkbox"/> Foreign partnership		
f	<input type="checkbox"/> Other ▶		
2	Are any partners in this partnership also partnerships?	<input checked="" type="checkbox"/>	
3	During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign entity that was disregarded as an entity separate from its owner under Regulations section 301.7701-2 and 301.7701-3? If "Yes," see instructions for required attachment		<input checked="" type="checkbox"/>
4	Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details		<input checked="" type="checkbox"/>
5	Does this partnership meet all three of the following requirements?		
a	The partnership's total receipts for the tax year were less than \$250,000;		
b	The partnership's total assets at the end of the tax year were less than \$600,000; and		
c	Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return		<input checked="" type="checkbox"/>
	If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item N on Schedule K-1.		
6	Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805 and 8813. See the instructions	<input checked="" type="checkbox"/>	
7	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		<input checked="" type="checkbox"/>
8	Has this partnership filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?		<input checked="" type="checkbox"/>
9	At any time during calendar year 2007, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country. ▶		<input checked="" type="checkbox"/>
10	During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520. See the instructions		<input checked="" type="checkbox"/>
11	Was there a distribution of property or a transfer (for example, by sale or death) of a partnership interest during the tax year? If "Yes," you may elect to adjust the basis of the partnership's assets under section 754 by attaching the statement described under Elections Made By the Partnership in the instructions		<input checked="" type="checkbox"/>
12	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return ▶		

Designation of Tax Matters Partner (see the instructions)

Enter below the general partner designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP ▶	Identifying number of TMP ▶
Address of designated TMP ▶	

Form 1065 (2007)

Page 3

Schedule K		Partners' Distributive Share Items	Total amount	
Income (Loss)	1	Ordinary business income (loss) (page 1, line 22)	1	80,681,403
	2	Net rental real estate income (loss) (attach Form 8825)	2	203,125
	3a	Other gross rental income (loss)	3a	
	3b	Expenses from other rental activities (attach statement)	3b	
	3c	Other net rental income (loss). Subtract line 3b from line 3a	3c	
	4	Guaranteed payments	4	22,675,031
	5	Interest income	5	92,650
	6a	Dividends: a Ordinary dividends	6a	
	6b	b Qualified dividends	6b	
	7	Royalties	7	
	8	Net short-term capital gain (loss) (attach Schedule D (Form 1065))	8	
Deductions	9a	Net long-term capital gain (loss) (attach Schedule D (Form 1065))	9a	
	9b	b Collectibles (28%) gain (loss)	9b	
	9c	c Unrecaptured section 1250 gain (attach statement)	9c	
	10	Net section 1231 gain (loss) (attach Form 4797)	10	
	11	Other income (loss) (see instructions) Type ▶	11	
Self-Employment	12	Section 179 deduction (attach Form 4562)	12	
	13a	Contributions	13a	
	13b	b Investment interest expense	13b	
	13c(2)	c Section 59(e)(2) expenditures: (1) Type ▶ (2) Amount ▶	13c(2)	
Credits	13d	d Other deductions (see instructions) Type ▶	13d	
	14a	Net earnings (loss) from self-employment	14a	55,024,842
	14b	b Gross farming or fishing income	14b	
	14c	c Gross nonfarm income	14c	55,024,842
	15a	Low-income housing credit (section 42(j)(5))	15a	
	15b	b Low-income housing credit (other)	15b	
Foreign Transactions	15c	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	15c	
	15d	d Other rental real estate credits (see instructions) Type ▶	15d	
	15e	e Other rental credits (see instructions) Type ▶	15e	
	15f	f Other credits (see instructions) Type ▶	15f	75,600
	16a	Name of country or U.S. possession ▶	16a	
	16b	b Gross income from all sources	16b	
	16c	c Gross income sourced at partner level	16c	
	16d	Foreign gross income sourced at partnership level	16d	
	16e	d Passive category ▶ e General category ▶ f Other ▶	16e	
	16f	Deductions allocated and apportioned at partner level	16f	
Alternative Minimum Tax (AMT) Items	16g	g Interest expense ▶ h Other ▶	16g	
	16h	Deductions allocated and apportioned at partnership level to foreign source income	16h	
	16i	i Passive category ▶ j General category ▶ k Other ▶	16i	
	16j	l Total foreign taxes (check one): ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/>	16j	
	16k	m Reduction in taxes available for credit (attach statement)	16k	
	16l	n Other foreign tax information (attach statement)	16l	
	17a	Post-1986 depreciation adjustment	17a	199,456
	17b	b Adjusted gain or loss	17b	
Other Information	17c	c Depletion (other than oil and gas)	17c	
	17d	d Oil, gas, and geothermal properties—gross income	17d	
	17e	e Oil, gas, and geothermal properties—deductions	17e	
	17f	f Other AMT items (attach statement)	17f	
	18a	Tax-exempt interest income	18a	
	18b	b Other tax-exempt income	18b	
	18c	c Nondeductible expenses	18c	775,128
Other Information	19a	Distributions of cash and marketable securities	19a	75,140,310
	19b	b Distributions of other property	19b	
	20a	Investment income	20a	92,650
	20b	b Investment expenses	20b	
	20c	c Other items and amounts (attach statement)	20c	

Form 1065 (2007)

Analysis of Net Income (Loss)

1	Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16l					1	103,652,209
2	Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other
a	General partners				55,065,902		
b	Limited partners			48,586,307			

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		15,374,582		41,036,739
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts				
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities				
6	Other current assets (attach statement)				
7	Mortgage and real estate loans				
8	Other investments (attach statement)				
9a	Buildings and other depreciable assets	64,937,028		79,134,516	
b	Less accumulated depreciation	32,123,456	32,813,572	26,947,318	52,187,198
10a	Depletable assets				
b	Less accumulated depletion				
11	Land (net of any amortization)				
12a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
13	Other assets (attach statement)		13,178,915		15,143,982
14	Total assets		61,367,069		108,367,919
Liabilities and Capital					
15	Accounts payable				
16	Mortgages, notes, bonds payable in less than 1 year				
17	Other current liabilities (attach statement)		5,478,152		6,183,915
18	All nonrecourse loans		11,000,000		11,000,000
19	Mortgages, notes, bonds payable in 1 year or more				
20	Other liabilities (attach statement)				
21	Partners' capital accounts		44,888,917		91,184,004
22	Total liabilities and capital		61,367,069		108,367,919

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Note. Schedule M-3 may be required instead of Schedule M-1 (see instructions).

1	Net income (loss) per books	121,435,397	6	Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		a	Tax-exempt interest \$	
3	Guaranteed payments (other than health insurance)	22,675,031	7	Deductions included on Schedule K, lines 1 through 13d, and 16l, not charged against book income this year (itemize):	
4	Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16l (itemize):		a	Depreciation \$	46,058,219
a	Depreciation \$				46,058,219
b	Travel and entertainment \$	5,600,000	8	Add lines 6 and 7	46,058,219
		5,600,000	9	Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	103,652,209
5	Add lines 1 through 4	149,710,428			

Schedule M-2 Analysis of Partners' Capital Accounts					
1	Balance at beginning of year	44,888,917	6	Distributions: a Cash	75,140,310
2	Capital contributed: a Cash			b Property	
	b Property		7	Other decreases (itemize): -----	
3	Net income (loss) per books	121,435,397		-----	
4	Other increases (itemize): -----		8	Add lines 6 and 7	75,140,310
	-----		9	Balance at end of year. Subtract line 8 from line 5	91,184,004
5	Add lines 1 through 4	166,324,314			

Form 4562 <small>Department of the Treasury Internal Revenue Service</small>	Depreciation and Amortization (Including Information on Listed Property) ▶ See separate instructions. ▶ Attach to your tax return.	OMB No. 1545-0172 2007 Attachment Sequence No. 67
	Name(s) shown on return Sam Starling, LLP	Business or activity to which this form relates Legal Services
		Identifying number 69-0000001

Part I

Election To Expense Certain Property Under Section 179
Note: *If you have any listed property, complete Part V before you complete Part I.*

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	\$125,000
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	\$500,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
(a) Description of property		(b) Cost (business use only)	(c) Elected cost
6			
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8.	9	
10	Carryover of disallowed deduction from line 13 of your 2006 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2008. Add lines 9 and 10, less line 12 ▶	13	

Part II

Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) and cellulosic biomass ethanol plant property placed in service during the tax year (see instructions)	14	3,258,175
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	625,392

Part III

MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2007	17	2,745,142
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ <input type="checkbox"/>		

Section B—Assets Placed in Service During 2007 Tax Year Using the General Depreciation System						
(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property		1,428,700	5	HY	DB	285,740
c 7-year property		2,275,000	7	HY	DB	325,098
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	
		1,425,000	39	MM	S/L	35,069

Section C—Assets Placed in Service During 2007 Tax Year Using the Alternative Depreciation System						
20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV

Summary (see instructions)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instr.	22	7,274,616
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? ☐ Yes ☐ No 24b If "Yes," is the evidence written? ☐ Yes ☐ No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions).						25		
26 Property used more than 50% in a qualified business use:		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:		%				S/L –		
		%				S/L –		
		%				S/L –		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1.						28		
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1.							29	

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1	(b) Vehicle 2	(c) Vehicle 3	(d) Vehicle 4	(e) Vehicle 5	(f) Vehicle 6
30 Total business/investment miles driven during the year (do not include commuting miles)						
31 Total commuting miles driven during the year						
32 Total other personal (noncommuting) miles driven						
33 Total miles driven during the year. Add lines 30 through 32						
34 Was the vehicle available for personal use during off-duty hours?	Yes No	Yes No	Yes No	Yes No	Yes No	Yes No
35 Was the vehicle used primarily by a more than 5% owner or related person?						
36 Is another vehicle available for personal use?						

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		
Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.		

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2007 tax year (see instructions):					
43 Amortization of costs that began before your 2007 tax year.				43	
44 Total. Add amounts in column (f). See the instructions for where to report.				44	

Form 4562 <small>Department of the Treasury Internal Revenue Service</small>	Depreciation and Amortization (Including Information on Listed Property)	OMB No. 1545-0172
	▶ See separate instructions. ▶ Attach to your tax return.	2007 Attachment Sequence No. 67
Name(s) shown on return Sam Starling, LLP		Business or activity to which this form relates Rental
		Identifying number 69-0000001

Part I

Election To Expense Certain Property Under Section 179
Note: *If you have any listed property, complete Part V before you complete Part I.*

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	\$125,000
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	\$500,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
(a) Description of property		(b) Cost (business use only)	(c) Elected cost
6			
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8.	9	
10	Carryover of disallowed deduction from line 13 of your 2006 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2008. Add lines 9 and 10, less line 12 ▶	13	

Part II

Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) and cellulosic biomass ethanol plant property placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III

MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2007	17	18,275
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ <input type="checkbox"/>		

Section B—Assets Placed in Service During 2007 Tax Year Using the General Depreciation System						
(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2007 Tax Year Using the Alternative Depreciation System						
20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV

Summary (see instructions)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instr.	22	18,275
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? ☐ Yes ☐ No

24b If "Yes," is the evidence written? ☐ Yes ☐ No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions).						25		
26 Property used more than 50% in a qualified business use:		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:		%				S/L –		
		%				S/L –		
		%				S/L –		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1.						28		
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1.							29	

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1	(b) Vehicle 2	(c) Vehicle 3	(d) Vehicle 4	(e) Vehicle 5	(f) Vehicle 6
30 Total business/investment miles driven during the year (do not include commuting miles)						
31 Total commuting miles driven during the year						
32 Total other personal (noncommuting) miles driven						
33 Total miles driven during the year. Add lines 30 through 32						
	Yes	No	Yes	No	Yes	No
34 Was the vehicle available for personal use during off-duty hours?						
35 Was the vehicle used primarily by a more than 5% owner or related person?						
36 Is another vehicle available for personal use?						

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		
Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.		

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2007 tax year (see instructions):					
43 Amortization of costs that began before your 2007 tax year.				43	
44 Total. Add amounts in column (f). See the instructions for where to report.				44	

Form

4797

Department of the Treasury
Internal Revenue Service (99)

Sales of Business Property

(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

► Attach to your tax return.► See separate instructions.

OMB No. 1545-0184

2007

Attachment Sequence No. 27

Name(s) shown on return

Sam Starling, LLP

Identifying number

69-0000001

1

Enter the gross proceeds from sales or exchanges reported to you for 2007 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions).

1

Part I

Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft—Most Property Held More Than 1 Year (see instructions)

(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)					
2											
3	Gain, if any, from Form 4684, line 39					3					
4	Section 1231 gain from installment sales from Form 6252, line 26 or 37					4					
5	Section 1231 gain or (loss) from like-kind exchanges from Form 8824					5					
6	Gain, if any, from line 32, from other than casualty or theft					6					
7	Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows:					7					
Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.											
Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.											
8	Nonrecaptured net section 1231 losses from prior years (see instructions)					8					
9	Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions).					9					

Part II

Ordinary Gains and Losses (see instructions)

10

Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

11

Loss, if any, from line 7

11 ()

12

Gain, if any, from line 7 or amount from line 8, if applicable

12

13

Gain, if any, from line 31

13 10,000

14

Net gain or (loss) from Form 4684, lines 31 and 38

14

15

Ordinary gain from installment sales from Form 6252, line 25 or 36

15

16

Ordinary gain or (loss) from like-kind exchanges from Form 8824

16

17

Combine lines 10 through 16

17 10,000

18

For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:

a

If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a." See instructions

18a

b

Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14

18b

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 13086I

Form 4797 (2007)

Part III

Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255
(see instructions)

19	(a) Description of section 1245, 1250, 1252, 1254, or 1255 property:	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
A	Furniture and Fixtures	10/01/2006	01/19/2007
B			
C			
D			

These columns relate to the properties on lines 19A through 19D. ►		Property A	Property B	Property C	Property D
20	Gross sales price (Note: See line 1 before completing.)	20	10,000		
21	Cost or other basis plus expense of sale	21	10,000		
22	Depreciation (or depletion) allowed or allowable	22	10,000		
23	Adjusted basis. Subtract line 22 from line 21	23			
24	Total gain. Subtract line 23 from line 20	24	10,000		
25	If section 1245 property:				
a	Depreciation allowed or allowable from line 22	25a	10,000		
b	Enter the smaller of line 24 or 25a	25b	10,000		
26	If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.				
a	Additional depreciation after 1975 (see instructions)	26a			
b	Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions)	26b			
c	Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e	26c			
d	Additional depreciation after 1969 and before 1976	26d			
e	Enter the smaller of line 26c or 26d	26e			
f	Section 291 amount (corporations only)	26f			
g	Add lines 26b, 26e, and 26f	26g			
27	If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).				
a	Soil, water, and land clearing expenses	27a			
b	Line 27a multiplied by applicable percentage (see instructions)	27b			
c	Enter the smaller of line 24 or 27b	27c			
28	If section 1254 property:				
a	Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions)	28a			
b	Enter the smaller of line 24 or 28a	28b			
29	If section 1255 property:				
a	Applicable percentage of payments excluded from income under section 126 (see instructions)	29a			
b	Enter the smaller of line 24 or 29a (see instructions)	29b			

Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30.

30	Total gains for all properties. Add property columns A through D, line 24	30	10,000
31	Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31	10,000
32	Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6	32	

Part IV

Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less
(see instructions)

		(a) Section 179	(b) Section 280F(b)(2)
33	Section 179 expense deduction or depreciation allowable in prior years	33	
34	Recomputed depreciation (see instructions)	34	
35	Recapture amount. Subtract line 34 from line 33. See the instructions for where to report	35	

Form

8825

(Rev. December 2006)

Department of the Treasury
Internal Revenue Service**Rental Real Estate Income and Expenses of a
Partnership or an S Corporation**

▶ See instructions on back.

▶ Attach to Form 1065, Form 1065-B, or Form 1120S.

OMB No. 1545-1186

Name

Employer identification number

Sam Starling, LLP**69****0000001****1** Show the kind and location of each property. See page 2 to list additional properties.**A** Rental**B****C****D****Properties****Rental Real Estate Income****2** Gross rents **2** **1,234,900****Rental Real Estate Expenses****3** Advertising **3****4** Auto and travel **4****5** Cleaning and maintenance **5****6** Commissions **6****7** Insurance **7****8** Legal and other professional fees **8****9** Interest **9****10** Repairs **10****11** Taxes **11****12** Utilities **12****13** Wages and salaries **13****14** Depreciation (see instructions) **14** **18,275****15** Other (list) ▶ **15** **1,013,500**

.

.

16 Total expenses for each property. **16** **1,031,775**

Add lines 3 through 15

17 Total gross rents. Add gross rents from line 2, columns A through H **17** **1,234,900****18** Total expenses. Add total expenses from line 16, columns A through H **18** (**1,031,775**)**19** Net gain (loss) from Form 4797, Part II, line 17, from the disposition of property from rental real estate activities **19****20a** Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1) **20a****b** Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed:**(1)** Name**(2)** Employer identification number

.

.

.

21 Net rental real estate income (loss). Combine lines 17 through 20a. Enter the result here and on: **21** **203.125**• **Form 1065 or 1120S:** Schedule K, line 2, or• **Form 1065-B:** Part I, line 4

Form 8825 (12-2006)

Page **2**

1	Show the kind and location of each property.
E	-----
F	-----
G	-----
H	-----

		Properties							
		E		F		G		H	
Rental Real Estate Income									
2	Gross rents	2							
Rental Real Estate Expenses									
3	Advertising	3							
4	Auto and travel	4							
5	Cleaning and maintenance	5							
6	Commissions	6							
7	Insurance	7							
8	Legal and other professional fees	8							
9	Interest	9							
10	Repairs	10							
11	Taxes	11							
12	Utilities	12							
13	Wages and salaries	13							
14	Depreciation (see instructions)	14							
15	Other (list) ► -----	15							

16	Total expenses for each property. Add lines 3 through 15	16							

Form

8844

Department of the Treasury
Internal Revenue Service

Empowerment Zone and Renewal
Community Employment Credit

► Attach to your tax return.

OMB No. 1545-1444

2007

Attachment
Sequence No. 99

Name(s) shown on return

Sam Starling, LLP

Identifying number

69-0000001

Part I Current Year Credit

1	Enter the total qualified wages paid or incurred during calendar year 2007 only (see instructions)		
a	Qualified empowerment zone wages \$ 200,000 X 20% (.20)	1a	40,000
b	Qualified renewal community wages \$ X 15% (.15)	1b	
2	Add lines 1a and 1b. You must subtract this amount from your deduction for salaries and wages	2	40,000
3	Employment zone and renewable community employment credit from partnerships, S corporations, cooperatives, estates, and trusts	3	
4	Add lines 2 and 3. Partnerships and S corporations, report this amount on Schedule K; all others, go to line 5	4	40,000
5	Empowerment zone and renewal community employment credit included on line 4 from passive activities (see instructions)	5	
6	Subtract line 5 from line 4	6	
7	Passive activity credit allowed for 2007 (see instructions)	7	
8	Carryforward of empowerment zone and renewal community employment credit to 2007	8	
9	Carryback of empowerment zone and renewal community employment credit from 2008 (see instructions)	9	
10	Add lines 6 through 9. Cooperatives, estates, and trusts, go to line 11. All others, use this amount to complete Part II	10	
11	Amount allocated to the patrons of the cooperative or the beneficiaries of the estate or trust (see instructions)	11	
12	Cooperatives, estates, and trusts. Subtract line 11 from line 10. Use this amount to complete Part II	12	

Part II Allowable Credit

13	Regular tax before credits:		
	• Individuals. Enter the amount from Form 1040, line 44; Form 1040NR, line 41		
	• Corporations. Enter the amount from Form 1120, Schedule J, line 2; or the applicable line of your return	13	
	• Estates and trusts. Enter the sum of the amounts from Form 1041, Schedule G, lines 1a and 1b, or the amount from the applicable line of your return		
14	Alternative minimum tax:		
	• Individuals. Enter the amount from Form 6251, line 35		
	• Corporations. Enter the amount from Form 4626, line 14	14	
	• Estates and trusts. Enter the amount from Form 1041, Schedule I, line 56		
15	Add lines 13 and 14	15	
16a	Credits from Form 1040, lines 47 through 50 and lines 52 through 54 (or Form 1040NR, lines 44, 45, and 47 through 49)	16a	
b	Foreign tax credit	16b	
c	Credits from Forms 5735 and 8834	16c	
d	Non-business alternative motor vehicle credit (Form 8910, line 18)	16d	
e	Non-business alternative fuel vehicle refueling property credit (Form 8911, line 19)	16e	
f	Add lines 16a through 16e	16f	
17	Net income tax. Subtract line 16f from line 15. If zero, skip lines 18 through 24 and enter -0- on line 25	17	
18	Net regular tax. Subtract line 16f from line 13. If zero or less, enter -0-	18	
19	Tentative minimum tax (see instructions)	19	
20	Enter 25% (.25) of the excess, if any, of line 18 over \$25,000 (see instructions)	20	
21	Multiply line 19 by 75% (.75)	21	
22	Enter the greater of line 20 or line 21	22	
23	Subtract line 22 from line 17. If zero or less, enter -0-	23	
24	General business credit (Form 3800, line 19)	24	
25	Subtract line 24 from line 23	25	
26	Credit allowed for the current year. Cooperatives, estates, and trusts. Enter the smaller of line 12 or line 25. Report this amount on Form 1041, Schedule G, line 2c; or Form 1120-C, Schedule J, line 5c. If line 25 is smaller than line 12, see instructions. All others. Enter the smaller of line 10 or line 25. Report this amount on Form 1040, line 55; Form 1040NR, line 50; Form 1120, Schedule J, line 5c; or the applicable line of your return. If line 25 is smaller than line 12, see instructions	26	

Credit for Employer-Provided Childcare Facilities and Services

OMB No. 1545-1809

Attachment
Sequence No. **131**

▶ Attach to your tax return.

Name(s) shown on return

Identifying number

Sam Starling, LLP**69-0000001**

1	Qualified childcare facility expenditures paid or incurred	1		
2	Enter 25% (.25) of line 1	2		
3	Qualified childcare resource and referral expenditures paid or incurred	3		
4	Enter 10% (.10) of line 3	4		
5	Credit for employer-provided childcare facilities and services from partnerships, S corporations, estates, and trusts	5		35,600
6	Add lines 2, 4, and 5	6		35,600
7	Enter the smaller of line 6 or \$150,000 . Estates and trusts, go to line 8. All others report this amount as follows: partnerships and S corporations, report this amount on Schedule K; all others, report the credit on the applicable line of Form 3800, (e.g., line 1n of the 2006 Form 3800)	7		35,600
8	Amount allocated to beneficiaries of the estate or trust (see instructions)	8		
9	Estates and trusts. Subtract line 8 from line 7. Report the credit on the applicable line of Form 3800 (e.g., line 1n of the 2006 Form 3800)	9		

General Instructions

Section references are to the Internal Revenue Code.

What's New

- The tax liability limit is no longer figured on this form. Instead, it must be figured on Form 3800, General Business Credit.
- Taxpayers that are not partnerships, S corporations, estates, or trusts, and whose only source of this credit is from those pass-through entities, are not required to complete or file this form. Instead, they can report this credit directly on line 1n of Form 3800.
- The IRS will revise this December 2006 version of the form only when necessary. Continue to use this version for tax years beginning after 2005 until a new revision is issued.

Purpose of Form

Employers use Form 8882 to claim the credit for qualified childcare facility and resource and referral expenditures. The credit is part of the general business credit. You may claim the credit any time within 3 years from the due date of your return on either an original or amended return.

For details, see section 45F.

How To Figure the Credit

The credit is 25% of the qualified childcare facility expenditures plus 10% of the qualified childcare resource and referral expenditures paid or incurred during the tax year. The credit is limited to \$150,000 per tax year.

Qualified childcare expenditures are amounts paid or incurred:

- To acquire, construct, rehabilitate, or expand property that:
 1. Is to be used as part of a qualified childcare facility of the taxpayer,
 2. Is depreciable (or amortizable) property, and
 3. Is not part of the principal residence of the taxpayer or any employee of the taxpayer;
- For the operating expenses of a qualified childcare facility of the taxpayer, including expenses for training of employees, scholarship programs, and providing increased compensation to employees with higher levels of childcare training; or
- Under a contract with a qualified childcare facility to provide childcare services to employees of the taxpayer.

Note. Any expenses for childcare included in qualified childcare facility expenditures may not exceed the fair market value of such care.

A *qualified childcare facility* is a facility that meets the requirements of all applicable laws and regulations of the state or local government in which it is located, including the licensing of the facility as a childcare facility. The following conditions must also be met.

- The principal use of the facility must be to provide childcare (unless the facility is also the personal residence of the person operating the facility).
- Enrollment in the facility must be open to employees of the taxpayer during the tax year.

Schedule K-1
(Form 1065)

Department of the Treasury
Internal Revenue Service

For calendar year 2007, or tax
year beginning _____, 2007
ending _____, 20____

Partner’s Share of Income, Deductions,
Credits, etc. ▶ See back of form and separate instructions.

Part I

Information About the Partnership

A

Partnership’s employer identification number

69-0000001

B

Partnership’s name, address, city, state, and ZIP code

Sam Starling, LLP
631 N McKinley Dr
Reno, NV 89510

C

IRS Center where partnership filed return

Ogden

D

☐ Check if this is a publicly traded partnership (PTP)

E

Tax shelter registration number, if any _____

F

☐ Check if Form 8271 is attached

Part II

Information About the Partner

G

Partner’s identifying number

000-00-0001

H

Partner’s name, address, city, state, and ZIP code

Taxpayer A1
PO Box 0001
Reno, NV 89510

I

☐ General partner or LLC member-manager

☒ Limited partner or other LLC member

J

☒ Domestic partner

☐ Foreign partner

K

What type of entity is this partner? Individual

L

Partner’s share of profit, loss, and capital:

	Beginning		Ending
Profit	.0005	%	.0005
Loss	.0005	%	.0005
Capital	.0005	%	.0005

M

Partner’s share of liabilities at year end:

Nonrecourse	. . . . .	.\$	55
Qualified nonrecourse financing	. . . . .	.\$
Recourse	. . . . .	.\$

N

Partner’s capital account analysis:

Beginning capital account	. . . . .	.\$	225
Capital contributed during the year	. . . . .	.\$
Current year increase (decrease)	. . . . .	.\$	607
Withdrawals & distributions	. . . . .	.\$ (	376)
Ending capital account	. . . . .	.\$	456

☐ Tax basis

☐ GAAP

☒ Section 704(b) book

☐ Other (explain)

Final K-1

Amended K-1

OMB No. 1545-0099

Part III

Partner’s Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss)	15	Credits
	403		
2	Net rental real estate income (loss)		
	1		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
	1		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
			A 1
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
			C 4
11	Other income (loss)		
		19	Distributions
			A 376
12	Section 179 deduction		
13	Other deductions		
		20	Other information
			A 1
14	Self-employment earnings (loss)		

*See attached statement for additional information.

For IRS Use Only

^

Schedule K-1
(Form 1065)

Department of the Treasury
Internal Revenue Service

For calendar year 2007, or tax
year beginning _____, 2007
ending _____, 20____

Partner’s Share of Income, Deductions,
Credits, etc. ▶ See back of form and separate instructions.

Part I

Information About the Partnership

A

Partnership’s employer identification number

69-0000001

B

Partnership’s name, address, city, state, and ZIP code

Sam Starling, LLP
631 N McKinley Dr
Reno, NV 89510

C

IRS Center where partnership filed return

Ogden

D

☐ Check if this is a publicly traded partnership (PTP)

E

Tax shelter registration number, if any _____

F

☐ Check if Form 8271 is attached

Part II

Information About the Partner

G

Partner’s identifying number

000-00-0022

H

Partner’s name, address, city, state, and ZIP code

Sam Starling
PO Box 99
7 Birch Branch
St Johns, NFLD
Canada, AIC5N5

I

☐ General partner or LLC member-manager

☒ Limited partner or other LLC member

J

☐ Domestic partner

☒ Foreign partner

K

What type of entity is this partner? Individual

L

Partner’s share of profit, loss, and capital:

	Beginning		Ending	
Profit	10	%	10	%
Loss	10	%	10	%
Capital	10	%	10	%

M

Partner’s share of liabilities at year end:

Nonrecourse	. . . . .	.\$	1,100,000
Qualified nonrecourse financing	. . . . .	.\$
Recourse	. . . . .	.\$

N

Partner’s capital account analysis:

Beginning capital account	. . . . .	.\$	4,488,892
Capital contributed during the year	. . . . .	.\$
Current year increase (decrease)	. . . . .	.\$	12,143,540
Withdrawals & distributions	. . . . .	.\$	( 7,514,031)
Ending capital account	. . . . .	.\$	9,118,401

☐ Tax basis

☐ GAAP

☒ Section 704(b) book

☐ Other (explain)

Final K-1

Amended K-1

OMB No. 1545-0099

Part III

Partner’s Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss)	15	Credits
	8,068,140		K 4,000
2	Net rental real estate income (loss)		P 3,560
	20,312		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
	9,265		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
			A 19,946
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		C 77,513
		19	Distributions
12	Section 179 deduction		A 7,514,031
13	Other deductions		
		20	Other information
			A 9,265
14	Self-employment earnings (loss)		

*See attached statement for additional information.

For IRS Use Only

Schedule K-1
(Form 1065)

Department of the Treasury
Internal Revenue Service

For calendar year 2007, or tax
year beginning _____, 2007
ending _____, 20____

Partner’s Share of Income, Deductions,
Credits, etc. ▶ See back of form and separate instructions.

Part I

Information About the Partnership

A

Partnership’s employer identification number

69-0000001

B

Partnership’s name, address, city, state, and ZIP code

Sam Starling, LLP
631 N McKinley Dr
Reno, NV 89510

C

IRS Center where partnership filed return

Ogden

D

☐ Check if this is a publicly traded partnership (PTP)

E

Tax shelter registration number, if any _____

F

☐ Check if Form 8271 is attached

Part II

Information About the Partner

G

Partner’s identifying number

69-1000001

H

Partner’s name, address, city, state, and ZIP code

Barton and Jenkins Enterprise
RR 510 W
Anchorage, AK 99502

I

☒ General partner or LLC member-manager ☐ Limited partner or other LLC member

J

☒ Domestic partner ☐ Foreign partner

K

What type of entity is this partner? Partnership

L

Partner’s share of profit, loss, and capital:

	Beginning		Ending
Profit	40 %		40 %
Loss	40 %		40 %
Capital	40 %		40 %

M

Partner’s share of liabilities at year end:

Nonrecourse	.\$	4,400,000
Qualified nonrecourse financing	.\$	
Recourse	.\$	

N

Partner’s capital account analysis:

Beginning capital account	.\$	17,955,567
Capital contributed during the year	.\$	
Current year increase (decrease)	.\$	48,574,159
Withdrawals & distributions	.\$ (	30,056,124)
Ending capital account	.\$	36,473,602

☐ Tax basis ☐ GAAP ☒ Section 704(b) book

☐ Other (explain)

Final K-1

Amended K-1

OMB No. 1545-0099

Part III

Partner’s Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss)	15	Credits
	32,272,561		K 16,000
2	Net rental real estate income (loss)		
	81,250		P 14,240
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
	22,675,031		
5	Interest income		
	37,060		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
			A 79,782
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		C 310,051
		19	Distributions
12	Section 179 deduction		A 30,056,124
13	Other deductions		
		20	Other information
			A 37,060
14	Self-employment earnings (loss)		
	A 55,024,842		
	C 55,024,842		

*See attached statement for additional information.

For IRS Use Only

TEST SCENARIO 10 (K-1 Aggregator)

Test Scenario 10 uses the Form 1065 and related forms and schedules from Test Scenario 3, with these exceptions:

- The number of K-1's has been increased from 3 to 200,002
- The ordinary Business Income/Loss Statement is attached to all 200,002 K-1's.

Test Scenario 10 shows three K-1's: XYZ Management
ABC Investments
Taxpayer B1 (990-00-0001)

Create the other 199,999 K-1's using this information:

- The partner's identifying number will increase by 1 (990-00-0002, 990-00-0003, 990-00-0004...through 990-20-0000)
- The partner's name will increase by 1 (Taxpayer B2, Taxpayer B3, Taxpayer B4...through Taxpayer B200,000)
- Use the same address as Taxpayer B1
- The 199,999 partners are limited partners, domestic partners, and individuals
- Use the same profit/loss/capitol percentages as Taxpayer B1

The Business Income Loss Statements attached to the K-1's will be:

Ordinary Business Income (Loss) Statement (Schedule K-1 (Form 1065), Part III, Line 1)

Taxpayer B1 through Taxpayer B200,000	
Credit Counseling	152
Golf Course Management	76
Financial Investment Services	1,296

Ordinary Business Income (Loss) Statement (Schedule K-1 (Form 1065), Part III, Line 1)

XYZ Management	
Credit Counseling	4,064,909
Golf Course Managem	2,032,454
Financial Investment Service	34,551,726

Ordinary Business Income (Loss) Statement (Schedule K-1 (Form 1065), Part III, Line 1)

ABC Investments	
Credit Counseling	6,097,363
Golf Course Management	3,048,682
Fininacial Investment Servic	51,827,588

TEST SCENARIO 10**FORMS REQUIRED:**

1065, Schedule M-3 (Form 1065) 4562, 8865, 1065 SCH K-1 (200,002)
8865, 8865 SCH O, 8865 SCH P

ATTACHMENTS:

Ordinary Income (Loss) From Other Partnerships, Estates, and Trusts Statement
Other Income (Loss) Statement (Form 1065, Line 7, Other Income (Loss))
Ownership of Any Interest in Another Partnership or Foreign Entity Statement
Section 754 Election

BINARY ATTACHMENTS: None

HEADER INFO

Tax Period: Calendar Year 2007

Preparer Firm: Electronic Tax Filers, Inc 69-0000098
123 Any Street
Anytown, NY 11717

MultipleSoftwarePackagesUsed: Yes or No

Originator: EFIN: Self-select
Type: ERO
PractitionerPIN:
EFIN: Self-select
PIN: Self-select
PIN Entered by – ERO

Signature Option: PIN Number

Return Type: 1065

Filer: EIN: 69-0000003
Name: Carlton Asset Management L P
Name Control: CARL
Address: 1678 South Hoover Blvd
San Francisco, CA 94101

Partner: Name: T Carlton
Title: President
Taxpayer PIN:
Phone: 555-555-5555
Email Address: Anymail@email.com
DateSigned: 03/15/2008

Preparer: Name: John Smith
SSN: 000-20-0001
Phone: 631-555-1212
Email Address: Anymail@email.com
Date Prepared: 03/14/2008
Self Employed: No

IRS Payment: N/A

Details for attachments
Ordinary Income (Loss) From Other Partnerships, Estates, and Trusts Statement (Form 1065, Line 4)

Partnership, Estate or Trusts Name	Address	EIN	Trade or Business Activity	Amount
Mai Tai Investments	1-2-3 Ginsu Chuo-Ku Tokyo, 190-2182	69-0000099	Security Dealing	\$10,229,525

Other Income (Loss) Statement (Form 1065, Page 1, Line 7)

Cancellation of Debt	\$540,000
Services Fees	\$399,880,252

Itemized Other Deductions Statement (Form 1065, Page 1, Line 20)

Legal and Accounting	\$216,572
Bank Fees	\$142,080
Travel and Entertainment	\$40,000

Publicly Traded Partnership (Form 1065)

3.5% Publicly Traded Partnership Tax	Overpayment	Balance Due	Zero Liability	Data Stream for Computation
\$14,372,742	0	0	0	Total Income multiplied by 3.5%

Ownership of Any Interest in Another Partnership or Foreign Entity Statement (Form 1065, Schedule B, Question 3)

Type of Entity	Entity Name	EIN	Country
Partnership	Mai Tai Partnership	69-0000099	Japan

Section 754 Election (Form 1065, Page 2, Schedule B, Line 11)

Name of Partnership	Carlton Asset Management L P
Partnership Address	1678 South Hoover Blvd San Francisco, CA 94101
Section 754 Declaration	Made a section 754 declaration

Income (loss) From Foreign Partnerships Schedule (Form 1065, Schedule M-3, Part II, Line 8)

Name	EIN	EOY Profit Sharing Percentage	EOY Loss Sharing Percentage	Income per Income Statement	Amount
Mai Tai Investments	69-0000099	25%	25%	\$10,229,525	\$10,229,525

Form 1065
Department of the Treasury
Internal Revenue Service (77)

U.S. Return of Partnership Income
For calendar year 2007, or tax year beginning , 2007, ending , 20. See separate instructions.

OMB No. 1545-0099
2007

A Principal business activity Management	Use the IRS label. Otherwise, print or type.	Name of partnership Carlton Asset Managment, LP	D Employer identification number 69 0000003
B Principal product or service Financial Invest		Number, street, and room or suite no. If a P.O. box, see the instructions. 1678 South Hoover Blvd	E Date business started 10/23/1998
C Business code number 523900		City or town, state, and ZIP code San Francisco, CA 94101	F Total assets (see the instructions) \$ 6,725,256

G Check applicable boxes: (1) Initial return (2) Final return (3) Name change (4) Address change (5) Amended return

H Check accounting method: (1) Cash (2) Accrual (3) Other (specify)

I Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year

J Check if Schedule M-3 required (attach Schedule M-3)

Caution. Include only trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

Income	1a Gross receipts or sales	1a				
	b Less returns and allowances	1b			1c	
	2 Cost of goods sold (Schedule A, line 8)				2	
	3 Gross profit. Subtract line 2 from line 1c				3	
	4 Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)				4	10,229,525
	5 Net farm profit (loss) (attach Schedule F (Form 1040))				5	
	6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)				6	
	7 Other income (loss) (attach statement)				7	400,420,252
8 Total income (loss). Combine lines 3 through 7				8	410,649,777	
Deductions (see the instructions for limitations)	9 Salaries and wages (other than to partners) (less employment credits)				9	1,179,658
	10 Guaranteed payments to partners				10	561,900
	11 Repairs and maintenance				11	8,610
	12 Bad debts				12	
	13 Rent				13	729,654
	14 Taxes and licenses				14	871,972
	15 Interest				15	
	16a Depreciation (if required, attach Form 4562)	16a	62,765			
	b Less depreciation reported on Schedule A and elsewhere on return	16b			16c	62,765
	17 Depletion (Do not deduct oil and gas depletion.)				17	
	18 Retirement plans, etc.				18	345,678
	19 Employee benefit programs				19	
	20 Other deductions (attach statement)				20	398,652
	21 Total deductions. Add the amounts shown in the far right column for lines 9 through 20				21	4,158,889
22 Ordinary business income (loss). Subtract line 21 from line 8				22	406,490,888	

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.

Signature of general partner or limited liability company member manager Date

May the IRS discuss this return with the preparer shown below (see instructions)? Yes No

Paid Preparer's Use Only

Preparer's signature Date

Firm's name (or yours if self-employed), address, and ZIP code EIN

Check if self-employed Phone no.

Preparer's SSN or PTIN

Schedule A Cost of Goods Sold (see the instructions)

1	Inventory at beginning of year	1		
2	Purchases less cost of items withdrawn for personal use	2		
3	Cost of labor	3		
4	Additional section 263A costs (attach statement)	4		
5	Other costs (attach statement)	5		
6	Total. Add lines 1 through 5	6		
7	Inventory at end of year	7		
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8		

9a Check all methods used for valuing closing inventory:

(i) ☐ Cost as described in Regulations section 1.471-3

(ii) ☐ Lower of cost or market as described in Regulations section 1.471-4

(iii) ☐ Other (specify method used and attach explanation) ▶

b Check this box if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) . . . ▶ ☐

c Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶ ☐

d Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership? . . . ☐ Yes ☐ No

e Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☐ No

If "Yes," attach explanation.

Schedule B Other Information

1	What type of entity is filing this return? Check the applicable box:	Yes	No
a	<input type="checkbox"/> Domestic general partnership		
b	<input checked="" type="checkbox"/> Domestic limited partnership		
c	<input type="checkbox"/> Domestic limited liability company		
d	<input type="checkbox"/> Domestic limited liability partnership		
e	<input type="checkbox"/> Foreign partnership		
f	<input type="checkbox"/> Other ▶		
2	Are any partners in this partnership also partnerships?	<input checked="" type="checkbox"/>	
3	During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign entity that was disregarded as an entity separate from its owner under Regulations section 301.7701-2 and 301.7701-3? If "Yes," see instructions for required attachment	<input checked="" type="checkbox"/>	
4	Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details		<input checked="" type="checkbox"/>
5	Does this partnership meet all three of the following requirements?		
a	The partnership's total receipts for the tax year were less than \$250,000;		
b	The partnership's total assets at the end of the tax year were less than \$600,000; and		
c	Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return		<input checked="" type="checkbox"/>
	If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item N on Schedule K-1.		
6	Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805 and 8813. See the instructions		<input checked="" type="checkbox"/>
7	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?	<input checked="" type="checkbox"/>	
8	Has this partnership filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?		<input checked="" type="checkbox"/>
9	At any time during calendar year 2007, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country. ▶		<input checked="" type="checkbox"/>
10	During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520. See the instructions		<input checked="" type="checkbox"/>
11	Was there a distribution of property or a transfer (for example, by sale or death) of a partnership interest during the tax year? If "Yes," you may elect to adjust the basis of the partnership's assets under section 754 by attaching the statement described under Elections Made By the Partnership in the instructions	<input checked="" type="checkbox"/>	
12	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return ▶ 1		

Designation of Tax Matters Partner (see the instructions)

Enter below the general partner designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP ▶	Identifying number of TMP ▶
Address of designated TMP ▶	

Form 1065 (2007)

Page 3

Schedule K		Partners' Distributive Share Items	Total amount	
Income (Loss)	1	Ordinary business income (loss) (page 1, line 22)	1	406,490,888
	2	Net rental real estate income (loss) (attach Form 8825)	2	
	3a	Other gross rental income (loss)	3a	
	3b	Expenses from other rental activities (attach statement)	3b	
	3c	Other net rental income (loss). Subtract line 3b from line 3a	3c	
	4	Guaranteed payments	4	561,900
	5	Interest income	5	36,525
	6a	Dividends: a Ordinary dividends	6a	
	6b	b Qualified dividends	6b	
	7	Royalties	7	
	8	Net short-term capital gain (loss) (attach Schedule D (Form 1065))	8	
9a	Net long-term capital gain (loss) (attach Schedule D (Form 1065))	9a		
	b Collectibles (28%) gain (loss)	9b		
	c Unrecaptured section 1250 gain (attach statement)	9c		
10	Net section 1231 gain (loss) (attach Form 4797)	10		
11	Other income (loss) (see instructions) Type ▶	11		
Deductions	12	Section 179 deduction (attach Form 4562)	12	43,332
	13a	Contributions	13a	
	13b	Investment interest expense	13b	
	13c(2)	c Section 59(e)(2) expenditures: (1) Type ▶ (2) Amount ▶	13c(2)	
Self-Employment	14a	Net earnings (loss) from self-employment	14a	41,210,989
	14b	Gross farming or fishing income	14b	
	14c	Gross nonfarm income	14c	41,210,989
Credits	15a	Low-income housing credit (section 42(j)(5))	15a	
	15b	Low-income housing credit (other)	15b	
	15c	Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	15c	
	15d	d Other rental real estate credits (see instructions) Type ▶	15d	
	15e	e Other rental credits (see instructions) Type ▶	15e	
	15f	f Other credits (see instructions) Type ▶	15f	
Foreign Transactions	16a	Name of country or U.S. possession ▶ JA		
	16b	Gross income from all sources	16b	10,229,525
	16c	Gross income sourced at partner level	16c	
	16f	d Passive category ▶ 10,229,525 e General category ▶ f Other ▶	16f	
	16h	g Interest expense ▶ h Other ▶	16h	
	16k	i Passive category ▶ j General category ▶ k Other ▶	16k	
	16l	l Total foreign taxes (check one): ▶ Paid <input checked="" type="checkbox"/> Accrued <input type="checkbox"/>	16l	632,510
	16m	m Reduction in taxes available for credit (attach statement)	16m	
Alternative Minimum Tax (AMT) Items	17a	Post-1986 depreciation adjustment	17a	
	17b	Adjusted gain or loss	17b	
	17c	c Depletion (other than oil and gas)	17c	
	17d	d Oil, gas, and geothermal properties—gross income	17d	
	17e	e Oil, gas, and geothermal properties—deductions	17e	
	17f	f Other AMT items (attach statement)	17f	
Other Information	18a	Tax-exempt interest income	18a	
	18b	b Other tax-exempt income	18b	
	18c	c Nondeductible expenses	18c	1,111
	19a	Distributions of cash and marketable securities	19a	408,202,737
	19b	b Distributions of other property	19b	
	20a	Investment income	20a	36,525
20b	b Investment expenses	20b		
	c Other items and amounts (attach statement)			

Form 1065 (2007)

Analysis of Net Income (Loss)

1	Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16l					1	406,413,471
2	Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other
a	General partners				41,147,057		
b	Limited partners			4,058,516	361,207,898		

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		5,232,390		6,027,450
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts				
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities				
6	Other current assets (attach statement)				
7	Mortgage and real estate loans				
8	Other investments (attach statement)				
9a	Buildings and other depreciable assets	1,621,740		1,682,950	
b	Less accumulated depreciation	1,372,379	249,361	1,435,144	247,806
10a	Depletable assets				
b	Less accumulated depletion				
11	Land (net of any amortization)				
12a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
13	Other assets (attach statement)				
14	Total assets		5,481,751		6,275,256
Liabilities and Capital					
15	Accounts payable		1,567,623		3,049,605
16	Mortgages, notes, bonds payable in less than 1 year				
17	Other current liabilities (attach statement)				
18	All nonrecourse loans				540,000
19	Mortgages, notes, bonds payable in 1 year or more				
20	Other liabilities (attach statement)				
21	Partners' capital accounts		3,914,128		2,685,651
22	Total liabilities and capital		5,481,751		6,275,256

Schedule M-1		Reconciliation of Income (Loss) per Books With Income (Loss) per Return		
Note. Schedule M-3 may be required instead of Schedule M-1 (see instructions).				
1	Net income (loss) per books		6	Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):
2	Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		a	Tax-exempt interest \$
3	Guaranteed payments (other than health insurance)		7	Deductions included on Schedule K, lines 1 through 13d, and 16l, not charged against book income this year (itemize):
4	Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16l (itemize):		a	Depreciation \$
a	Depreciation \$			
b	Travel and entertainment \$		8	Add lines 6 and 7
			9	Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5
5	Add lines 1 through 4			

Schedule M-2		Analysis of Partners' Capital Accounts			
1	Balance at beginning of year	3,914,128	6	Distributions: a Cash	408,202,737
2	Capital contributed: a Cash			b Property	
	b Property		7	Other decreases (itemize):	
3	Net income (loss) per books	406,974,260			
4	Other increases (itemize):				
5	Add lines 1 through 4	410,888,388	8	Add lines 6 and 7	408,202,737
			9	Balance at end of year. Subtract line 8 from line 5	2,685,651

Form 4562 <small>Department of the Treasury Internal Revenue Service</small>	Depreciation and Amortization (Including Information on Listed Property) ▶ See separate instructions. ▶ Attach to your tax return.	OMB No. 1545-0172 2007 Attachment Sequence No. 67
	Name(s) shown on return Carlton Asset Management LP	Business or activity to which this form relates Carlton Asset Management LP	Identifying number 69-0000003

Part I

Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	\$125,000
2	Total cost of section 179 property placed in service (see instructions)	2	43,332
3	Threshold cost of section 179 property before reduction in limitation	3	\$500,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
(a) Description of property		(b) Cost (business use only)	(c) Elected cost
6	Office Equipment	23,456	23,456
	Furniture/fixtures	19,876	19,876
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	43,332
9	Tentative deduction. Enter the smaller of line 5 or line 8.	9	43,332
10	Carryover of disallowed deduction from line 13 of your 2006 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	125,000
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	43,332
13	Carryover of disallowed deduction to 2008. Add lines 9 and 10, less line 12 ▶	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II

Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) and cellulosic biomass ethanol plant property placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	43,766

Part III

MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2007	17	18,999
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ <input type="checkbox"/>		

Section B—Assets Placed in Service During 2007 Tax Year Using the General Depreciation System						
(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2007 Tax Year Using the Alternative Depreciation System						
20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV

Summary (see instructions)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instr.	22	62,765
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V

Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)
Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? ☐ Yes ☐ No 24b If "Yes," is the evidence written? ☐ Yes ☐ No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25	Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions).						25	
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L –		
		%				S/L –		
		%				S/L –		
28	Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1.						28	
29	Add amounts in column (i), line 26. Enter here and on line 7, page 1.						29	

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1	(b) Vehicle 2	(c) Vehicle 3	(d) Vehicle 4	(e) Vehicle 5	(f) Vehicle 6
30	Total business/investment miles driven during the year (do not include commuting miles)					
31	Total commuting miles driven during the year					
32	Total other personal (noncommuting) miles driven					
33	Total miles driven during the year. Add lines 30 through 32					
34	Yes	No	Yes	No	Yes	No
35	Was the vehicle available for personal use during off-duty hours?					
36	Was the vehicle used primarily by a more than 5% owner or related person?					
36	Is another vehicle available for personal use?					

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

	Yes	No
37	Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	
38	Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners	
39	Do you treat all use of vehicles by employees as personal use?	
40	Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?	
41	Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)	
Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.		

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2007 tax year (see instructions):					
43	Amortization of costs that began before your 2007 tax year.				43
44	Total. Add amounts in column (f). See the instructions for where to report.				44

SCHEDULE O

(Form 8865)

Department of the Treasury

Internal Revenue Service

Transfer of Property to a Foreign Partnership

(under section 6038B)

OMB No. 1545-1668

2007

► Attach to Form 8865. See Instructions for Form 8865.

Name of transferor

Carlton Asset Management, LP

Filer's identifying number

69-0000003

Name of foreign partnership

Mai Tai Investments

Part I

Transfers Reportable Under Section 6038B

Type of property	(a) Date of transfer	(b) Number of items transferred	(c) Fair market value on date of transfer	(d) Cost or other basis	(e) Section 704(c) allocation method	(f) Gain recognized on transfer	(g) Percentage interest in partnership after transfer
Cash							
Marketable securities							
Inventory							
Tangible property used in trade or business	08/09/2007	4	12,345	16,000			25
Intangible property							
Other property							

Supplemental Information Required To Be Reported (see instructions):

Part II

Dispositions Reportable Under Section 6038B

(a) Type of property	(b) Date of original transfer	(c) Date of disposition	(d) Manner of disposition	(e) Gain recognized by partnership	(f) Depreciation recapture recognized by partnership	(g) Gain allocated to partner	(h) Depreciation recapture allocated to partner

Part III

Is any transfer reported on this schedule subject to gain recognition under section 904(f)(3) or section 904(f)(5)(F)?

►

☐ Yes

☒ No

Form

8865

Department of the Treasury
Internal Revenue Service

Return of U.S. Persons With Respect to
Certain Foreign Partnerships

► Attach to your tax return. See separate instructions.

Information furnished for the foreign partnership's tax year
beginning 01/01, 2007, and ending 12/31, 20 07

OMB No. 1545-1668

2007

Attachment
Sequence No. 118

Name of person filing this return

Carlton Asset Management, LP

Filer's identifying number

69-0000003

Filer's address (if you are not filing this form with your tax return)

1678 S Hoover Blvd
San Francisco, CA 94101

A Category of filer (see Categories of Filers in the instructions and check applicable box(es)):

1 ☐ 2 ☐ 3 ☒ 4 ☐

B Filer's tax year beginning 01/01, 20 07, and ending 12/31, 20 07

C Filer's share of liabilities: Nonrecourse \$

Qualified nonrecourse financing \$ 4,800,000

Other \$

D If filer is a member of a consolidated group but not the parent, enter the following information about the parent:

Name

EIN

Address

E Information about certain other partners (see instructions)

(1) Name	(2) Address	(3) Identifying number	(4) Check applicable box(es)		
			Category 1	Category 2	Constructive owner

F1 Name and address of foreign partnership

Mai Tai Investments
1-2-3 Ginsu, Chuo-Ku
Tokyo, 190-2182

2 EIN (if any)

69-0000099

3 Country under whose laws organized

Japan

4 Date of organization	5 Principal place of business	6 Principal business activity code number	7 Principal business activity	8a Functional currency	8b Exchange rate (see instr.)
09/13/1992	Japan	523110	Security Dealing	Yen	.8739

G Provide the following information for the foreign partnership's tax year:

1 Name, address, and identifying number of agent (if any) in the United States

2 Check if the foreign partnership must file:
☐ Form 1042 ☒ Form 8804 ☐ Form 1065 or 1065-B
Service Center where Form 1065 or 1065-B is filed:

3 Name and address of foreign partnership's agent in country of organization, if any

4 Name and address of person(s) with custody of the books and records of the foreign partnership, and the location of such books and records, if different

5 Were any special allocations made by the foreign partnership?

6 Enter the number of Forms 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities, attached to this return (see instructions).

7 How is this partnership classified under the law of the country in which it is organized?

8 Did the partnership own any separate units within the meaning of Regulations section 1.1503-2(c)(3) or (4)?

9 Does this partnership meet both of the following requirements?
• The partnership's total receipts for the tax year were less than \$250,000 and
• The value of the partnership's total assets at the end of the tax year was less than \$600,000.
If "Yes," do not complete Schedules L, M-1, and M-2.

Sign Here Only If You Are Filing This Form Separately and Not With Your Tax Return

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member) is based on all information of which preparer has any knowledge.

Signature of general partner or limited liability company member

Date

Paid Preparer Sign and Complete Only If Form is Filed Separately.

Preparer's signature

Date

Check if self-employed ☐

Preparer's SSN or PTIN

Firm's name (or yours if self-employed), address, and ZIP code

Electronic Tax Filers, Inc
123 Any Street Anytown, NY 11717

EIN 69

0000098

Phone no. (631) 555-1212

For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

Cat. No. 25852A

Form 8865 (2007)

Schedule A

Constructive Ownership of Partnership Interest. Check the boxes that apply to the filer. If you check box **b**, enter the name, address, and U.S. taxpayer identifying number (if any) of the person(s) whose interest you constructively own. See instructions.

a ☒ Owns a direct interest

b ☐ Owns a constructive interest

Name	Address	Identifying number (if any)	Check if foreign person	Check if direct partner
Calrton Asset Management, LP	1678 Hoover Blvd, San Francisco CA CA 94101	69-0000098		<input checked="" type="checkbox"/>

Schedule A-1

Certain Partners of Foreign Partnership (see instructions)

Name	Address	Identifying number (if any)	Check if foreign person

Does the partnership have any other foreign person as a direct partner?

☐ Yes

☐ No

Schedule A-2

Affiliation Schedule. List all partnerships (foreign or domestic) in which the foreign partnership owns a direct interest or indirectly owns a 10% interest.

Name	Address	EIN (if any)	Total ordinary income or loss	Check if foreign partnership

Schedule B

Income Statement—Trade or Business Income

Caution. Include **only** trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

Income	1a	Gross receipts or sales	1a				
	b	Less returns and allowances	1b			1c	
	2	Cost of goods sold			2		
	3	Gross profit. Subtract line 2 from line 1c.			3		
	4	Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)			4		
	5	Net farm profit (loss) (attach Schedule F (Form 1040))			5		
	6	Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)			6		
	7	Other income (loss) (attach statement).			7		
	8	Total income (loss). Combine lines 3 through 7			8		
Deductions (see instructions for limitations)	9	Salaries and wages (other than to partners) (less employment credits)			9		
	10	Guaranteed payments to partners			10		
	11	Repairs and maintenance			11		
	12	Bad debts			12		
	13	Rent			13		
	14	Taxes and licenses			14		
	15	Interest			15		
	16a	Depreciation (if required, attach Form 4562)	16a				
	b	Less depreciation reported elsewhere on return	16b			16c	
	17	Depletion (Do not deduct oil and gas depletion.)			17		
	18	Retirement plans, etc.			18		
	19	Employee benefit programs			19		
	20	Other deductions (attach statement)			20		
	21	Total deductions. Add the amounts shown in the far right column for lines 9 through 20.			21		
	22	Ordinary business income (loss) from trade or business activities. Subtract line 21 from line 8			22		

Schedule D Capital Gains and Losses

Part I Short-Term Capital Gains and Losses—Assets Held One Year or Less

(a) Description of property (e.g., 100 shares of "Z" Co.)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
1					
2 Short-term capital gain from installment sales from Form 6252, line 26 or 37					2
3 Short-term capital gain (loss) from like-kind exchanges from Form 8824					3
4 Partnership's share of net short-term capital gain (loss), including specially allocated short-term capital gains (losses), from other partnerships, estates, and trusts					4
5 Net short-term capital gain or (loss). Combine lines 1 through 4 in column (f). Enter here and on Form 8865, Schedule K, line 8 or 11					5

Part II Long-Term Capital Gains and Losses—Assets Held More Than One Year

(a) Description of property (e.g., 100 shares of "Z" Co.)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
6					
7 Long-term capital gain from installment sales from Form 6252, line 26 or 37					7
8 Long-term capital gain (loss) from like-kind exchanges from Form 8824.					8
9 Partnership's share of net long-term capital gain (loss), including specially allocated long-term capital gains (losses), from other partnerships, estates, and trusts.					9
10 Capital gain distributions					10
11 Net long-term capital gain or (loss). Combine lines 6 through 10 in column (f). Enter here and on Form 8865, Schedule K, line 9a or 11					11

Form 8865 (2007)

Page 4

Schedule K		Partners' Distributive Share Items	Total amount	
Income (Loss)	1	Ordinary business income (loss) (page 2, line 22)	1	
	2	Net rental real estate income (loss) (attach Form 8825)	2	
	3a	Other gross rental income (loss)	3a	
	b	Expenses from other rental activities (attach statement)	3b	
	c	Other net rental income (loss). Subtract line 3b from line 3a	3c	
	4	Guaranteed payments	4	
	5	Interest income	5	
	6	Dividends: a Ordinary dividends	6a	
	b	Qualified dividends	6b	
	7	Royalties	7	
	8	Net short-term capital gain (loss)	8	
Deductions	9a	Net long-term capital gain (loss)	9a	
	b	Collectibles (28%) gain (loss)	9b	
	c	Unrecaptured section 1250 gain (attach statement)	9c	
	10	Net section 1231 gain (loss) (attach Form 4797)	10	
	11	Other income (loss) (see instructions) Type ▶	11	
Self-Employment	12	Section 179 deduction (attach Form 4562)	12	
	13a	Contributions	13a	
	b	Investment interest expense	13b	
	c	Section 59(e)(2) expenditures: (1) Type ▶ (2) Amount ▶	13c(2)	
Credits	d	Other deductions (see instructions) Type ▶	13d	
	14a	Net earnings (loss) from self-employment	14a	
	b	Gross farming or fishing income	14b	
	c	Gross nonfarm income	14c	
	15a	Low-income housing credit (section 42(j)(5))	15a	
	b	Low-income housing credit (other)	15b	
Foreign Transactions	c	Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	15c	
	d	Other rental real estate credits (see instructions) Type ▶	15d	
	e	Other rental credits (see instructions) Type ▶	15e	
	f	Other credits (see instructions) Type ▶	15f	
	16a	Name of country or U.S. possession ▶	16a	
	b	Gross income from all sources	16b	
	c	Gross income sourced at partner level	16c	
	d	Foreign gross income sourced at partnership level		
	e	Passive category ▶ General category ▶ f Other ▶	16f	
	g	Deductions allocated and apportioned at partner level		
	h	Interest expense ▶ h Other ▶	16h	
i	Deductions allocated and apportioned at partnership level to foreign source income			
Alternative Minimum Tax (AMT) Items	j	Passive category ▶ j General category ▶ k Other ▶	16k	
	l	Total foreign taxes (check one): ▶ <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	16l	
	m	Reduction in taxes available for credit (attach statement)	16m	
	n	Other foreign tax information (attach statement)		
	17a	Post-1986 depreciation adjustment	17a	
	b	Adjusted gain or loss	17b	
	c	Depletion (other than oil and gas)	17c	
Other Information	d	Oil, gas, and geothermal properties—gross income	17d	
	e	Oil, gas, and geothermal properties—deductions	17e	
	f	Other AMT items (attach statement)	17f	
	18a	Tax-exempt interest income	18a	
	b	Other tax-exempt income	18b	
	c	Nondeductible expenses	18c	
	19a	Distributions of cash and marketable securities	19a	
b	Distributions of other property	19b		
	20a	Investment income	20a	
	b	Investment expenses	20b	
	c	Other items and amounts (attach statement)		

Form 8865 (2007)

Schedule L **Balance Sheets per Books.** (Not required if Item G9, page 1, is answered "Yes.")

		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash				
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts				
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities				
6	Other current assets (<i>attach statement</i>)				
7	Mortgage and real estate loans				
8	Other investments (<i>attach statement</i>)				
9a	Buildings and other depreciable assets.				
b	Less accumulated depreciation				
10a	Depletable assets				
b	Less accumulated depletion				
11	Land (net of any amortization).				
12a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
13	Other assets (<i>attach statement</i>)				
14	Total assets.				
Liabilities and Capital					
15	Accounts payable				
16	Mortgages, notes, bonds payable in less than 1 year				
17	Other current liabilities (<i>attach statement</i>)				
18	All nonrecourse loans				
19	Mortgages, notes, bonds payable in 1 year or more				
20	Other liabilities (<i>attach statement</i>)				
21	Partners' capital accounts				
22	Total liabilities and capital				

Schedule M Balance Sheets for Interest Allocation

	(a) Beginning of tax year	(b) End of tax year
1 Total U.S. assets		
2 Total foreign assets:		
a Passive category		
b General category (attach statement)		
c Other		

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return. (Not required if Item G9, page 1, is answered "Yes.")

1 Net income (loss) per books			6 Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):		
2 Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11 not recorded on books this year (itemize):			a Tax-exempt interest \$		
3 Guaranteed payments (other than health insurance)			7 Deductions included on Schedule K, lines 1 through 13d, and 16l not charged against book income this year (itemize):		
4 Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16l (itemize):			a Depreciation \$		
a Depreciation \$			8 Add lines 6 and 7		
b Travel and entertainment \$			9 Income (loss). Subtract line 8 from line 5		
5 Add lines 1 through 4					

Schedule M-2 Analysis of Partners' Capital Accounts. (Not required if Item G9, page 1, is answered "Yes.")

1 Balance at beginning of year			6 Distributions: a Cash		
2 Capital contributed:			b Property		
a Cash			7 Other decreases (itemize):		
b Property					
3 Net income (loss) per books			8 Add lines 6 and 7		
4 Other increases (itemize):			9 Balance at end of year. Subtract line 8 from line 5		
5 Add lines 1 through 4					

Schedule N

Transactions Between Controlled Foreign Partnership and Partners or Other Related Entities

Important: Complete a separate Form 8865 and Schedule N for each controlled foreign partnership. Enter the totals for each type of transaction that occurred between the foreign partnership and the persons listed in columns (a) through (d).

Transactions of foreign partnership	(a) U.S. person filing this return	(b) Any domestic corporation or partnership controlling or controlled by the U.S. person filing this return	(c) Any other foreign corporation or partnership controlling or controlled by the U.S. person filing this return	(d) Any U.S. person with a 10% or more direct interest in the controlled foreign partnership (other than the U.S. person filing this return)
1 Sales of inventory				
2 Sales of property rights (patents, trademarks, etc.)				
3 Compensation received for technical, managerial, engineering, construction, or like services				
4 Commissions received . . .				
5 Rents, royalties, and license fees received . . .				
6 Distributions received . . .				
7 Interest received				
8 Other				
9 Add lines 1 through 8 . . .				
10 Purchases of inventory . .				
11 Purchases of tangible property other than inventory				
12 Purchases of property rights (patents, trademarks, etc.)				
13 Compensation paid for technical, managerial, engineering, construction, or like services				
14 Commissions paid				
15 Rents, royalties, and license fees paid				
16 Distributions paid				
17 Interest paid				
18 Other				
19 Add lines 10 through 18 .				
20 Amounts borrowed (enter the maximum loan balance during the year) —see instructions				
21 Amounts loaned (enter the maximum loan balance during the year)—see instructions				

Schedule K-1
(Form 1065)

Department of the Treasury
Internal Revenue Service

For calendar year 2007, or tax
year beginning _____, 2007
ending _____, 20____

Partner’s Share of Income, Deductions,
Credits, etc. ▶ See back of form and separate instructions.

Part I

Information About the Partnership

A

Partnership’s employer identification number

69-0000003

B

Partnership’s name, address, city, state, and ZIP code

Carlton Asset Management LP
1678 S Hoover Blvd
San Francisco, CA 94101

C

IRS Center where partnership filed return

Ogden

D

☒ Check if this is a publicly traded partnership (PTP)

E

☐ Tax shelter registration number, if any

F

☐ Check if Form 8271 is attached

Part II

Information About the Partner

G

Partner’s identifying number

69-3000001

H

Partner’s name, address, city, state, and ZIP code

XYZ Management
7272 W Truman Ave
Sacramento, CA 95813

I

☒ General partner or LLC member-manager

☐ Limited partner or other LLC member

J

☒ Domestic partner

☐ Foreign partner

K

What type of entity is this partner?

Partnership

L

Partner’s share of profit, loss, and capital:

	Beginning		Ending
Profit	10 %		10 %
Loss	10 %		10 %
Capital	10 %		10 %

M

Partner’s share of liabilities at year end:

Nonrecourse	54,000
Qualified nonrecourse financing	
Recourse	

N

Partner’s capital account analysis:

Beginning capital account	391,413
Capital contributed during the year	
Current year increase (decrease)	40,697,426
Withdrawals & distributions	40,820,274
Ending capital account	265,565

☐ Tax basis

☐ GAAP

☒ Section 704(b) book

☐ Other (explain)

Final K-1

Amended K-1

OMB No. 1545-0099

Part III

Partner’s Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss)	15	Credits
	40,649,089		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
			A Japan
4	Guaranteed payments		B 1,022,953
	561,900		
5	Interest income		D 1,022,953
	3,653		
6a	Ordinary dividends		L 63,251
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		C 111
		19	Distributions
12	Section 179 deduction		A 40,820,274
	4,333		
13	Other deductions	20	Other information
			A 3,653
14	Self-employment earnings (loss)		
	A 41,210,989		
	C 41,210,989		

*See attached statement for additional information.

For IRS Use Only

651106

☐ Final K-1

☐ Amended K-1

OMB No. 1545-0099

Schedule K-1
(Form 1065)

2007

Department of the Treasury
Internal Revenue Service

For calendar year 2007, or tax
year beginning _____, 2007
ending _____, 20____

Partner's Share of Income, Deductions,
Credits, etc.

► See back of form and separate instructions.

Part I

Information About the Partnership

A

Partnership's employer identification number

69-0000003

B

Partnership's name, address, city, state, and ZIP code

Carlton Asset Management LP
1678 S Hoover Blvd
San Francisco, CA 94101

C

IRS Center where partnership filed return

Ogden

D

☒ Check if this is a publicly traded partnership (PTP)

E

☐ Tax shelter registration number, if any _____

F

☐ Check if Form 8271 is attached

Part II

Information About the Partner

G

Partner's identifying number

69-3000002

H

Partner's name, address, city, state, and ZIP code

ABC Investments
93 E Oaks Dr
Los Angeles, CA 90052

I

☐ General partner or LLC member-manager

☒ Limited partner or other LLC member

J

☒ Domestic partner

☐ Foreign partner

K

What type of entity is this partner? Partnership

L

Partner's share of profit, loss, and capital:

	Beginning		Ending
Profit	15 %		15 %
Loss	15 %		15 %
Capital	15 %		15 %

M

Partner's share of liabilities at year end:

Nonrecourse	81,000
Qualified nonrecourse financing	
Recourse	

N

Partner's capital account analysis:

Beginning capital account	587,119
Capital contributed during the year	
Current year increase (decrease)	61,046,139
Withdrawals & distributions	(61,230,411)
Ending capital account	402,847

☐ Tax basis

☐ GAAP

☒ Section 704(b) book

☐ Other (explain)

Part III

Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss)	15	Credits
	60,973,633		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
			A Japan
4	Guaranteed payments		B 1,534,430
5	Interest income		D 1,534,430
6a	Ordinary dividends		L 94,877
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		C 167
		19	Distributions
12	Section 179 deduction		A 61,230,411
13	Other deductions		
		20	Other information
			A 5,479
14	Self-employment earnings (loss)		

*See attached statement for additional information.

For IRS Use Only

651106

☐ Final K-1

☐ Amended K-1

OMB No. 1545-0099

Schedule K-1
(Form 1065)

2007

Department of the Treasury
Internal Revenue Service

For calendar year 2007, or tax
year beginning _____, 2007
ending _____, 20____

Partner's Share of Income, Deductions,
Credits, etc.

► See back of form and separate instructions.

Part I

Information About the Partnership

A

Partnership's employer identification number

69-0000003

B

Partnership's name, address, city, state, and ZIP code

Carlton Asset Management LP
1678 S Hoover Blvd
San Francisco, CA 94101

C

IRS Center where partnership filed return

Ogden

D

☒ Check if this is a publicly traded partnership (PTP)

E

☐ Tax shelter registration number, if any _____

F

☐ Check if Form 8271 is attached

Part II

Information About the Partner

G

Partner's identifying number

99-0000001

H

Partner's name, address, city, state, and ZIP code

Taxpayer B1
888 NW Peach St
San Francisco, CA 94101

I

☐ General partner or LLC member-manager

☒ Limited partner or other LLC member

J

☒ Domestic partner

☐ Foreign partner

K

What type of entity is this partner? Individual

L

Partner's share of profit, loss, and capital:

	Beginning	Ending
Profit	.000375 %	.000375 %
Loss	.000375 %	.000375 %
Capital	.000375 %	.000375 %

M

Partner's share of liabilities at year end:

Nonrecourse	. \$	2
Qualified nonrecourse financing	. \$	
Recourse	. \$	

N

Partner's capital account analysis:

Beginning capital account	. \$	15
Capital contributed during the year	. \$	
Current year increase (decrease)	. \$	1,526
Withdrawals & distributions	. \$ (	1,531)
Ending capital account	. \$	10

☐ Tax basis

☐ GAAP

☒ Section 704(b) book

☐ Other (explain)

Part III

Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss)	15	Credits
	1,524		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
			A Japan
4	Guaranteed payments		B 38
5	Interest income		D 38
6a	Ordinary dividends		L 2
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
		19	Distributions
12	Section 179 deduction		A 1,531
13	Other deductions		
		20	Other information
14	Self-employment earnings (loss)		

*See attached statement for additional information.

For IRS Use Only

SCHEDULE M-3
(Form 1065)

Department of the Treasury
Internal Revenue Service

Net Income (Loss) Reconciliation
for Certain Partnerships
▶ Attach to Form 1065 or Form 1065-B.
▶ See separate instructions.

OMB No. 1545-0099

2007

Name of partnership
Carlton Asset Management, LP

Employer identification number
69 : 0000003

This Schedule M-3 is being filed because (check all that apply):

A

☐

The amount of the partnership's total assets at the end of the tax year is equal to \$10 million or more.

B

☐

The amount of the partnership's adjusted total assets for the year is equal to \$10 million or more. If box B is checked, enter the amount of adjusted total assets for the tax year .

C

☒

The amount of total receipts for the taxable year is equal to \$35 million or more. If box C is checked, enter the total receipts for the tax year 410,686,302 .

D

☐

An entity that is a reportable entity partner with respect to the partnership owns or is deemed to own an interest of 50 percent or more in the partnership's capital, profit, or loss, on any day during the tax year of the partnership.

Name of Reportable Entity Partner	Identifying Number	Maximum Percentage Owned or Deemed Owned

E

☐

Voluntary Filer

Part I

Financial Information and Net Income (Loss) Reconciliation

1a

Did the partnership file SEC Form 10-K for its income statement period ending with or within this tax year?

☒ Yes. Skip lines 1b and 1c and complete lines 2 through 11 with respect to that SEC Form 10-K.

☐ No. Go to line 1b. See instructions if multiple non-tax-basis income statements are prepared.

b

Did the partnership prepare a certified audited non-tax-basis income statement for that period?

☐ Yes. Skip line 1c and complete lines 2 through 11 with respect to that income statement.

☐ No. Go to line 1c.

c

Did the partnership prepare a non-tax-basis income statement for that period?

☐ Yes. Complete lines 2 through 11 with respect to that income statement.

☐ No. Skip lines 2 through 3b and enter the partnership's net income (loss) per its books and records on line 4.

2

Enter the income statement period: Beginning 01 / 01 / 2007 Ending 12 / 31 / 2007

3a

Has the partnership's income statement been restated for the income statement period on line 2?

☐ Yes. (If "Yes," attach an explanation and the amount of each item restated.)

☒ No.

b

Has the partnership's income statement been restated for any of the five income statement periods preceding the period on line 2?

☐ Yes. (If "Yes," attach an explanation and the amount of each item restated.)

☒ No.

4	Worldwide consolidated net income (loss) from income statement source identified in Part I, line 1	4	406,974,260
5a	Net income from nonincludible foreign entities (attach schedule)	5a	()
b	Net loss from nonincludible foreign entities (attach schedule and enter as a positive amount)	5b	
6a	Net income from nonincludible U.S. entities (attach schedule)	6a	()
b	Net loss from nonincludible U.S. entities (attach schedule and enter as a positive amount)	6b	
7a	Net income (loss) of other includible disregarded entities (attach schedule)	7a	
b	Net income (loss) of other includible entities (attach schedule)	7b	
8	Adjustment to eliminations of transactions between includible entities and nonincludible entities (attach schedule)	8	
9	Adjustment to reconcile income statement period to tax year (attach schedule)	9	
10	Other adjustments to reconcile to amount on line 11 (attach schedule)	10	
11	Net income (loss) per income statement of the partnership. Combine lines 4 through 10	11	406,974,260

Schedule M-3 (Form 1065) 2007		Page 2	
Name of partnership		Employer identification number	
Carlton Asset Management, LP		69 : 0000003	

Part II

Reconciliation of Net Income (Loss) per Income Statement of Partnership with Income (Loss) per Return

Income (Loss) Items	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1 Income (loss) from equity method foreign corporations				
2 Gross foreign dividends not previously taxed . . .				
3 Subpart F, QEF, and similar income inclusions . . .				
4 Gross foreign distributions previously taxed . . .				
5 Income (loss) from equity method U.S. corporations . .				
6 U.S. dividends				
7 Income (loss) from U.S. partnerships (attach schedule) .				
8 Income (loss) from foreign partnerships (attach schedule)	10,229,525			10,229,525
9 Income (loss) from other pass-through entities (attach schedule)				
10 Items relating to reportable transactions (attach details)				
11 Interest income (attach Form 8916-A)				
12 Total accrual to cash adjustment				
13 Hedging transactions				
14 Mark-to-market income (loss)				
15 Cost of goods sold (attach Form 8916-A)	()			()
16 Sale versus lease (for sellers and/or lessors)				
17 Section 481(a) adjustments				
18 Unearned/deferred revenue				
19 Income recognition from long-term contracts . . .				
20 Original issue discount and other imputed interest				
21a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities				
b Gross capital gains from Schedule D, excluding amounts from pass-through entities				
c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
e Abandonment losses				
f Worthless stock losses (attach details)				
g Other gain/loss on disposition of assets other than inventory				
22 Other income (loss) items with differences (attach schedule)				
23 Total income (loss) items. Combine lines 1 through 22	10,229,525			10,229,525
24 Total expense/deduction items (from Part III, line 30)	(2,222)		(560,789)	(563,011)
25 Other items with no differences	396,746,957			396,746,957
26 Reconciliation totals. Combine lines 23 through 25 .	406,974,260		(560,789)	406,413,471

Note. Line 26, column (a), must equal the amount on Part I, line 11, and column (d) must equal Form 1065, page 4, Analysis of Net Income (Loss), line 1.

Part III

Reconciliation of Net Income (Loss) per Income Statement of Partnership With Income (Loss) per Return—Expense/Deduction Items

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 State and local current income tax expense . . .				
2 State and local deferred income tax expense . .				
3 Foreign current income tax expense (other than foreign withholding taxes)				
4 Foreign deferred income tax expense				
5 Equity-based compensation				
6 Meals and entertainment	2,222		(1,111)	1,111
7 Fines and penalties				
8 Judgments, damages, awards, and similar costs .				
9 Guaranteed payments			561,900	561,900
10 Pension and profit-sharing				
11 Other post-retirement benefits				
12 Deferred compensation				
13 Charitable contribution of cash and tangible property				
14 Charitable contribution of intangible property . .				
15 Organizational expenses as per Regulations section 1.709-2(a)				
16 Syndication expenses as per Regulations section 1.709-2(b)				
17 Current year acquisition/reorganization investment banking fees				
18 Current year acquisition/reorganization legal and accounting fees				
19 Amortization/impairment of goodwill				
20 Amortization of acquisition, reorganization, and start-up costs				
21 Other amortization or impairment write-offs . . .				
22 Section 198 environmental remediation costs . .				
23a Depletion—Oil & Gas				
b Depletion—Other than Oil & Gas				
24 Intangible drilling & development costs				
25 Depreciation				
26 Bad debt expense				
27 Interest expense (attach Form 9916-A).				
28 Purchase versus lease (for purchasers and/or lessees)				
29 Other expense/deduction items with differences (attach schedule)				
30 Total expense/deduction items. Combine lines 1 through 29. Enter here and on Part II, line 24 . .	2,222		560,789	563,011